

# Revolutionary Perspectives



## Against the Nationalism of Haider... and Blair

**Rover Selloff: A Model for Capitalism**

**Labour's Century for Capitalism**

**Putin's Bloody Election Victory**

**Asylum Bill • Attack on Benefits**

**Working Class Fight against Incinerators**

**Economic Struggles and Revolution**

**The Dollarisation of Ecuador**

# *Revolutionary Perspectives*

*Quarterly Magazine of the Communist Workers' Organisation  
British Affiliate of the International Bureau for the Revolutionary Party*

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# The Death Of Rover

## A Model of Modern Capitalism

Whilst the Government hypes the New Economy the real economy (i.e. people producing real goods) is going down the pan. Throughout British manufacturing industry the crisis is becoming more acute. Not only is Rover under threat but so are Goodyear Tyres at Wolverhampton, and the Swan Hunter Shipyards in Newcastle. But it is in the car sector that the biggest crisis is occurring.

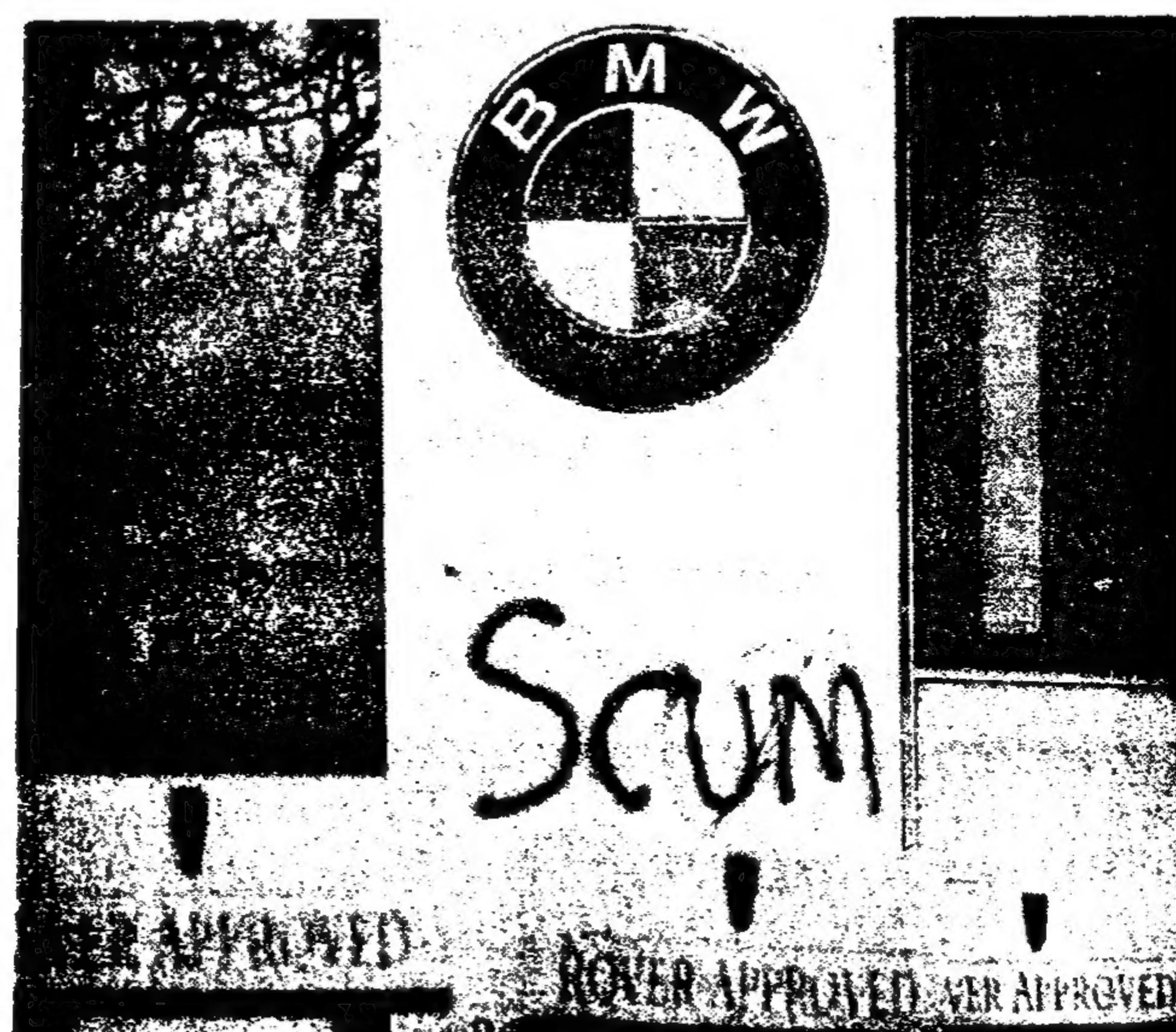
The closure of Rover and the likely closure of Ford's Dagenham plant represent a further contraction of Britain's industrial base and will bring at least 50,000 job losses but that is not the end of the story. Honda has announced that it is cutting production by 50% at its Swindon plant whilst Toyota has announced it will make less cars next year than it did this at its Derbyshire plant.

The mass of superficial and contingent explanations spewed out in the bourgeois press, have confused the real problem here. It is true that the fact that one of the problems is that the British state has been caught, so to speak, in mid-Atlantic. By staying outside the euro and by adopting free market policies which attract international financial capital the British state, under both Labour and Tory, have frozen British cars out of the European market. The strong pound was, in fact, the reason the Chairman of BMW gave for their decision to abandon Longbridge. But this is not the fundamental reason for the crisis. The fact is that there is a 30-40% overproduction in cars worldwide. According to the *Economist* there are 300 car assembly plants

in Europe and 100 of these need to be closed. Or put it another way the entire US car industry could be shut down and there would still be enough capacity to meet demand. When you consider that General Motors has shed over 300,000 jobs world wide in the last twenty years you can see the extent of the crisis. These developments can only

wiped out the majority of existing capital values capitalism could begin to accumulate profitably again. However, as the capitalist system doesn't stand still, more and more has to be invested in fixed capital like plant. This is sometimes called dead labour. But new value can only be created by the living labour of the workers that use that plant. This gets the capitalists into a contradiction.

In order to sell cheaply they want to get machinery that produces more commodities per hour but operated by as few workers as possible. So raising productivity means sacking workers. This means that they collectively reduce the possible market for their own products and they also reduce the amount of living labour that goes into each commodity. Thus although their profits in money terms might go up the actual rate of profit on capital invested declines. When the decline becomes so great, as it



*All capitalists are scum but workers have to reject nationalist poison whoever is peddling it*

be understood in the light of Marx's criticism of capitalist society.

### The Fall In The Rate Of Profit

Despite all the rosy stories about the growth of the British economy by 3 or 4%, the reality is that this is speculative financial growth. It hides the fact that manufacturing industry is in deep crisis – a crisis which has gone back thirty years. The present crisis is the outcome of capitalism's tendency for the rate of profit to fall. After the Second World War had

done at the end of the post-war boom at the end of the Sixties, then the only solution is a major devaluation of capital. This either means writing off investments (which the capitalists are naturally reluctant to do) or to await for the cataclysm of war which wipes out capital values on a massive scale. We are now at the end of a cycle of accumulation and the only solution left to individual firms is to restructure.

The pullout by BMW after losses of £1.5 billions at Longbridge is a recognition that the bosses have abandoned trying to restore profit rates at Rover. The present negative profit rate, how-

ever, is the culmination of a long-term trend, clearly visible in post war capitalism. Despite the present talk of the "English patient" by BMW the disease at Rover is one from which capitalism as a whole and the world car industry in particular suffers. We need to remember that during the post war recovery period, Rover's predecessor, BMC as it was then called, was making large profits. For example, in 1962 the rate of return on capital invested was 13%, and this rate was near the average for British industry as a whole. It was only towards the end of the post war recovery period that the profit rates slipped into single figures. In 1967 BMC was only making 3.7% profit. With the start of the crisis in the 70's the rate dropped further and reached virtually zero by the mid 1970's. Since then the plant has been marginal and its results have oscillated between large losses and small profits.

## Restructuring

The bosses' response to this crisis has been to increase the rate of exploitation of the workers. They have done this through massive increases in the capital value of the plant employed and through the adoption of flexible working practices. Rover workers at Longbridge bought the management line that if they workers unsocial hours and accepted wage rises below the rate of inflation (i.e. real wage cuts) all would be well with "Team Rover". The only result of these changes has been massive redundancies and now the threatened closure of the plant.

BMW's recovery plan would have invested £3.3bn in Rover, £1.5bn of this going to Longbridge. This amount is over and above the £2bn, which BMW have already invested, in the period since they bought the company (for £800m) in 1994. The scale of these investments can be appreciated when they are compared to earlier investments. The new Metro plant, for example, which was installed in 1980, cost £275m, and the entire Morris production line, complete with tooling, which was installed in 1934 cost £300,000. These increases in capital are always accompanied by cutting of the work force. When the new Metro plant

was being installed in 1980, the current chairman of Rover, or BL as it was then called, Michael Edwardes was hailed as the saviour of the company for cutting the work force from 200,000 to 150,000. Today, despite the massive increases in capital, the workforce is under 10,000.

These figures show how the value of capital operated by each worker has increased. The increase has probably been about 20 times in the last two decades, and at least 100 times since the thirties! This has allowed the bosses to achieve massive increases in exploitation, or what the bourgeoisie call "productivity." The increases in exploitation are at least as great as the increases in capital employed per worker. Whereas before the First World War no motor manufacturer produced more than 1 car per worker per year, by 1935 the Morris line was producing 2.8 cars per worker per year. After the war productivity continued to rise until it was 8.5 in 1965 and 14 in 1980.

These increases in productivity did not, however, result in increases in profits. On the contrary in the 1970's profits collapsed. This was the result of the general tendency of the rate of profit to fall the effect of which was to produce cut-throat competition. The Japanese, Germans and Americans had all increased their productivity by a greater amount than Rover and by 1980 were producing 30 or more cars per worker per year. The Metro line, installed in 1980, which was supposed to rescue Rover's fortunes was capable of producing 25 cars per worker per year. Even then this production rate was significantly below that achieved by the Japanese and German producers. Today, twenty years later, Rover produces 30 cars per worker per year, while the Nissan factory in Sunderland produces 103!

The massive injections of capital have been too small and the massive increases in productivity have been too low, and consequently bosses' attempts at restructuring have failed. The abandonment of Rover and the writing off of its capital indicates both the savagery of competition and the desperate squeeze placed on profits world-wide.

## Centralisation And More Restructuring

Declining profit rates have produced more savage competition than ever before. The response of the bosses has been to concentrate capitals through massive mergers and take-overs. Today we are seeing consolidation and centralisation as never before in history. In oil, Chemicals, Banking, Financial Services, Telecommunications and particularly in the motor industry a few massive global groups are eliminating all smaller competitors and dominating the world market. When Lenin, Bikhari and Hilferding were writing about the growth of monopolies before and during the First World War they were talking about the national scale. Today the process of centralisation and concentration of capital identified by Marx in *Capital* has gone a stage further. We are now talking about real monopolies on a global scale.

General Motors, the world's largest manufacturer, which includes Vauxhall and Opel and Saab has share holdings in Isuzu (49%), Suzuki (10%), Subaru (20%) and has recently taken a major holding in Fiat. Similarly Ford has acquired Volvo, Jaguar, Mazda (40%) and is shortly to acquire Land Rover. Volkswagen owns Audi, Skoda and Seat. Renault now owns 45% of Nissan; Daimler Benz has acquired Chrysler and recently 34% of Mitsubishi. Toyota now owns Diahatsu. This process can only continue and the weaker companies will continue to be swallowed up or, like Rover, go to the wall. With centralisation comes what the bosses call "economies of scale." This means redundancies in any areas where operations which are duplicated, streamlining, more flexibility and, of course, more redundancies. All this "efficiency" and "productivity" is again squeezing workers out of the productive process with the same long term consequences described above.

## Britain and the New Economy

This process is occurring on an international scale and at this level the national state is now virtually an onlooker. The pathetic protests of Blair and Byers about lying German managers only illustrate their impotence. Whereas thirty years ago the national states could engender sufficient capital to "save" bankrupt firms the volumes required to do so today is beyond them. This can also be seen in the Rover case. The British government offered a paltry £152 million in grants to BMW as their part of the £3.3bn restructuring plan, only about 4.5% of the required capital. Even this small sum was blocked by the European Commission since VW and Daimler Benz protested that it broke European competition law.

Given this, governments now find that the way to defend the interest of the national capital is to play the role of broker and creator of political and social stability for international finance capital. So far the British state has been relatively successful here. The trouble is that one of the main ways to attract foreign capital is to offer high interest rates which helps to maintain a high exchange rate for sterling. BMW went out of its way to emphasise that the high exchange rate for the Pound has crippled Rover's exports and so made its situation worse. Moreover Britain's slowness to join the Euro places all of British industry at a disadvantage in Europe, which is its major export market. If Ford decides to close Dagenham this will be a key factor in the decision. Prevarication over the Euro is also jeopardising investment into Britain. Toyota, for example has stated that further investment is dependent on a firm commitment to the Euro.

However, whether or not Britain joins the Euro, the course of British capital is clear: Blair, like the previous Tory Prime Ministers, thinks the loss of people's livelihoods is a price worth paying to create a New Economy where job instability and low wages will encourage more and more service industries to grow. But these services are dependent on the growth of the financial sector which is itself dependent on specula-

tive capital. When the stock market bubble bursts we will have the worst of all possible worlds in which nobody will be making anything and there will be no finances to service. This is a situation which the working class has to prepare itself for.

## How Can Workers Fight?

As an appendix to this article we are adding the leaflet we gave out on the April 1<sup>st</sup> demonstration in Birmingham to protest at the possible job losses. As it makes clear, we did not regard the demonstration as the beginning of a fight back. On the contrary anything organised by the unions was bound to be a demoralising demobilisation. Even so we were taken aback by the reactionary and stupid nature of this demonstration. Despite claims by sections of the press that there were more than 50,000 on the demo (and one claim of 80,000 from the BBC) there were less than 20,000 and probably about 15,000 present. Perhaps too many workers have seen too many trades union demonstrations before? The whole thing was carefully orchestrated and controlled by the unions and the police with an area of Cannon Hill Park neatly cordoned off. Even the *Financial Times* announced it in its weekly events calendar. This in itself was enough to arouse suspicions. Usually the capitalist press is quiet about any workers' resistance until after the event but this demo had a thoroughly capitalist agenda.

The demonstration left two overwhelming impressions. First was the way the unions stoked up rabid. We have never seen so many people on a workers demonstration wrapped either in the union flag or even the flag of St George. Union leaders stoked up this nationalism in their calls for the government to intervene against BMW or to "Keep the Mini British". The truth is that BMW itself in Munich is facing a crisis and workers there face lay offs. Not one union leader, to no-one's surprise, called for solidarity with the workers in Germany. The union agenda is to get Britain into the Euro before the strength of the pound wipes out "their" manufacturing power base. But they gave the game away when they

said that "we will not go quietly". This means that they already have the defeat planned. Bill Morris, leader of the TGWU and chief scab against the Liverpool dockers was greeted with a mixture of disbelief and derision when he pronounced that "we need to get Tony Blair on board". These, of course, are the same people who have negotiated away 13,000 jobs in Rover over the last six years. No wonder most people walked away after a few minutes of this drivel.

But equally poisonous nonsense was coming from the leftist organisations present. The SWP, The Socialist Party (Militant), Workers Power, Workers Liberty, the Communist Party of Great Britain, the Socialist Labour Party and probably some we have forgotten were all calling for nationalisation, and occupation of Longbridge. The churning out of these reactionary ideas was predictable and our leaflet attacks them, though obviously only briefly. Nationalisation is part of nationalism. It does not mean that we own the industry, much less a step towards socialism. It means that Blair and his cronies and all the people who really run the state, which is a capitalist state, own the industry. In the past nationalisation did not save jobs. One million jobs were axed from the nationalised coalmines in the 1950s and 1960s. The same thing happened with the railways in the 1960s. The left wing of capitalism claim to be revolutionary but when they call for nationalisation they are not only trying to fool workers that this will help them but are also promoting reactionary nationalist postures which the trades unions are all too ready to foster. The logic of nationalisation is protectionism. Buy British to keep British jobs. And this is the road to another imperialist war.

A real fight back can only be found by workers' solidarity. The key is to organise across sectional, industrial and national boundaries. Workers cannot solve their problems industry by industry or country by country. We need to build alliances with our class brother and sisters everywhere. This is why the International Bureau for the Revolutionary Party exists.

## Rover Sellout

# They Are Destroying Our Livelihoods We Have to Destroy Their System

BMW's sale of Rover to Alchemy (the asset stripping group) means the loss of tens of thousands of jobs all over the West Midlands and beyond. It comes at a time of further job losses in the shipbuilding in Belfast and Newcastle. Fords are talking about shutting Dagenham.

## Why are these jobs going?

Simply the capitalist system is in crisis and has been since 1973. In the last twenty years nearly three million jobs in manufacturing in Britain have gone. And it is not just in Britain. All over the world "restructuring" has been the aim of the ruling class. It is a sick system where people who produce real goods that the world needs are thrown out of work where speculators can make millions for producing absolutely nothing. But this is capitalism today.

Lets also get rid of a few myths. The BMW/Rover crisis is not because Britain is in the EC. Some unscrupulous groups on both the political Left and Right blame the European Commission because it blocked the "sweetener" the British Government tried to pay BMW to come to Longbridge. In the first place this rule was also to protect jobs in Britain from the same thing going on elsewhere. In the second place this sum was peanuts (£152 millions) compared to the amount BMW planned to invest in Rover (£3.3billions).

The Left are now calling for nationalisation to protect jobs.

But nationalisation has never done this. Nationalisation is always followed by rationalisation. All that happens is that the speed of redundancy is a bit slower. Nationalisation does not mean that we own it. It means that the state (run by the same people who are attacking us

now) owns it. They will still have to make a profit to satisfy the financiers who support UK Inc. and that will still mean job losses. Workers at Longbridge did everything that was demanded by BMW in terms of real pay cuts and working unsocial hours. Still it wasn't enough. It would be the same under nationalisation all over again.

## What can we do?

Fighting redundancy industry by industry is a lost cause. Basically the bosses have already decided to write off their investment. We can increase their losses by trashing their plant and the goods we have already produced but that doesn't get our jobs back even if it makes us feel a bit better.

Nor will occupation of the plant work. Some with short memories will tell you that the occupation of Upper Clyde Shipbuilders was a success. What they don't remember is that thousands lost their jobs when UCS became a going concern (and even that did not last that long). UCS was also in the 1970s when there were a lot of struggles of other workers going on around it and the Tory Government of the day was in a tighter corner.

What we do need to remember is that the miners lost in 1985, not through lack of militancy but because their slogan "Coal not Dole" effectively made it a miners' only fight when in reality it was everyone's fight. That should not happen over Rover. We should also remember 1992 when some of the biggest demonstrations of the 1990s took place against the shutting of even more pits. Then there was a widespread militancy but "our unions" sent us home, telling us to wait on Heseltine's review (when all along the cuts had already been agreed). Once the anger was dispersed the Government had a free hand.

Which brings us to today. Why is this march (called by trades unions) going to Cannon Hill Park and not to the Longbridge plant? Are we just going to listen to a few pious speeches from Labour left-wingers and a load of hot air from the bloated bureaucrats of the unions who earn a salary three or four times our wages? And then what?

**Turn the march into an assembly.**

**Elect delegates (no "officials" or elected politicians included) to an action committee to coordinate the fight against the threatened devastation.**

**Include representatives from as many workplaces as possible. The key is to unite as many workers as possible.**

**Discuss what lines of action to take. Last week in France teachers (yes, teachers) forced the government to back down through a series of actions including strikes. We should study these and where relevant copy them.**

Ultimately these attacks will be repeated. Already Blair and his "socialist" pals in Europe like D'Alema the ex-Communist Party Prime Minister of Italy have been discussing how to lower wages and cut social security in order to "create more jobs". We all know that this means lower living standards. We have made enough sacrifices whilst their profits have grown. Now is the time to fight and ultimately that means fighting for a decent society where everyone has access to what they need and finds a meaningful and worthwhile contribution to society. You could even call it "communism"!

**Communist Workers Organisation**

**31.3.2000.**

# The Haider Affair

## Hypocrisy and Guilt in the EU and Britain

### Introduction

There is still a statue to Karl Lueger in a public square in Vienna named after him. You might wonder who Karl Lueger was. He was the absolutely anti-semitic and corrupt Mayor of Vienna for the dozen years or so leading up to the First World War. It was in Lueger's Vienna, where Jews used to make up an eighth of the population, that the vagrant Adolf Hitler learned his anti-semitism. We should not forget that anti-semitism was widespread and not something invented by Hitler. Let us not forget too that anti-semitism before the Second World War was not confined to German-speaking countries. In 1938 the *Daily Mail* led the campaign against the Jews who were trying to flee to Britain from

Nazified Austria and Germany. And Jewish immigration was only reluctantly accepted because the Jewish Board of Guardians agreed to financially support the refugees. The latest two British Home Secretaries (Michael Howard and Jack Straw) are the descendants of Jewish refugees but neither has been any more receptive to the plight of refugees than their predecessors. This is because they are responding not as individuals but as functionaries of a rather nasty, small-minded capitalist state.

In the collection of article which follow on Haider's Freedom Party and on immigration we would like those reading them to remember what our comrades from Montreal wrote, that

for all the bluster of the EU governments

*the open anti-immigration policies of Haider are, for the most part, the same as those practiced hypocritically and under "democratic" cover by all the other states of the EU...*

Their excellent article is followed by a *précis* of some historical material sent by the *Gruppe Internationaler Kommunisten*, an organisation with which the Bureau has had fraternal relations for over a decade and a half. We also reproduce the leaflet that the GIK gave out to the 2-300,000 anti-Haider demonstration in Vienna. We round off this section of the magazine with our own reflections on Britain's new so-called "asylum laws".

## The Haider Affair

### Why all the Fuss?

The coming to power in Austria of Jorg Haider's Freedom Party (FPÖ), often referred to as national populist and sometimes even as fascistic, has created real shock waves throughout the member states of the European Union (EU) and around the world. The announcement of the formation of a coalition government led by the conservative Wolfgang Schuessel, giving the vice chancellorship, five ministerial portfolios and two state secretarial posts to the FPÖ has caused quite a stir. Washington and Tel Aviv immediately recalled their ambassadors for consultation, the Vienna Stock Exchange temporarily plummeted, its ATX Index falling below 1,100 points for the first time since February 1999, and Austria's partners within the EU

announced the immediate or rapid application of diplomatic and political sanctions. While Vienna was shaken by rowdy demonstrations at the UN — that den of thieves, secretary general, Kofi Annan claimed that "every person with a historical conscience should be preoccupied by recent political developments in Austria." Why all the fuss?

There's no doubt that the FPÖ is a party of the extreme right, and that its boss, Haider, is a crook. As a demagogue, a rightist, and a xenophobe, he has always been ambiguous regarding his historic appreciation of the Nazi regime. Much less ambiguous is his repressive and reactionary policy concerning immigration — a policy that

he unfortunately has no monopoly on, as illustrated by the recent race riots in Spain. Indeed, the open anti-immigration policies of Haider are, for the most part, the same as those practiced hypocritically and under "democratic" cover by all the other states of the EU; states that are often led by left wing governments... And that's the real problem! Because what we need to know are the real motivations behind the present "anti-fascist" campaign of the ruling class and the capitalist left supporting it.

### Why Now?

It is useful to know that this is not the first time the FPÖ — this "fascist menace" — has been part of

an Austrian coalition government. From 1983 to 1986, the same FPÖ was quietly associated with the **social democratic government** of then Chancellor Bruno Kreisky. "The FPÖ was certainly much less marginal at that time (just less than 7% of the electorate), but the FPÖ **Minister of Defence** of 1985 had even publicly shaken the hand of an ex war criminal who had just gotten out of prison. All this without creating any commotion."<sup>1</sup>

Other countries of the EU have also witnessed similar participation of the extreme right to power in recent years without creating any great scandal, not to mention the type of campaign going on right now. Let's take the example of Italy, where just a few years ago, in 1994, the National Alliance (AN) took part in a major way in the Silvio Berlusconi government. This party was then the electoral front led by the Italian Social Movement (MSI) of Gianfranco Fini, the historical product founded in 1946 of Benito Mussolini's Fascist Party. The NA had, as the FPÖ today, five cabinet posts and the vice premiership went to Giuseppe Tarella of the MSI. All this was granted with the democratic blessing of the ex-Stalinists of the PDS and to the great satisfaction of the Italian and international ruling class and their boot-lickers in the UN.

In the United States, public affairs commentator, Pat Buchanan, who has recently quit the Republican Party to present his candidacy to the US Presidency under the Reform Party banner, has a political profile just as populist, rightist, and xenophobic as the Austrian Haider, or the French Le Pen. Yet, for years he had been a close collaborator of Ronald Reagan, another valiant knight of Liberty and Democracy. An ardent admirer of Joseph McCarthy's witch-hunts of the 1950's, Buchanan advocates banning abortions, mandatory prayer in schools and institutions, getting rid of welfare, and sealing off the borders to immigration... Buchanan, like Haider, specializes in outrageous attacks against blacks and latinos as well as gays and lesbians and is just as ambiguous on Hitler and fascism. Recently, Buchanan used one of his columns to propose reserving at least 75% of elite college and univer-

sity placements for "whites of non-Jewish origins"! And yet, the Republican Party National Committee, one of the two iron pillars supporting American democracy has done everything in its power to keep this "fascist" in its ranks and still in the race for the nomination of that party as candidate for the presidency of the Union. Governor George W. Bush, the present front-runner for the nomination, has also declared: "I don't want Pat Buchanan to quit the party."<sup>2</sup>

### What's behind this?

Contrary to what was affirmed by a radical political commentator on "Pisse-vinaigre," a Montreal radio show, the reason the international ruling class is mobilizing has nothing to do with preserving its access to precious Austrian markets. The free movement of capital and goods will not be in any more danger under Haider than under a Pinochet... And it's not mobilizing itself either by reason of a certain "conscience of history" as hypocritically invoked by Kofi Annan.<sup>3</sup> As we have seen earlier in this article, bourgeois states and their institutions historically don't make too much fuss over the openly racist or extremist orientations of some of their "statesmen". At most, some of them can occasionally be sacrificed after the fact, if that suits the present interests of the sharks they serve. But it is clear that the bourgeoisie has not experienced an epiphany in Austria. They don't give a damn about what Haider is going to do about the immigrants, what he will impose on the minorities or what he has in store for the rest of the Austrian working class. The wolf will never become a lamb.

It is most probable that this ongoing circus serves only to polish the tarnished image of democracy, **that particular expression of the dictatorship of capital**.<sup>4</sup> It's this image that is increasingly used to justify all kinds of imperialist crimes now dubbed as "humanitarian intervention". It just so happens that this bourgeois "humanism" has just thrown Serbia back 50 years after it had been subjected to massive attacks by "smart bombs" in 1999. The Haider affair is also useful in that it diverts attention from that

other current massacre in the Caucasus; a massacre that is being accomplished with the tacit approval of the authorities of the EU and of the USA. When the ruling class deploys ideological campaigns in defense of its democracy, it's always to turn workers away from the real battle-fields.

The communist left resists the attacks that workers suffer under the dictatorship of capital — whatever **form** it takes. For us, capitalism is the incarnation of barbarism. "We are well aware thuggery is also increasing and support all working class attempts at self-defense because we know that it is useless to appeal to the capitalist state. But we are not going to join in any anti-fascist crusade to politically defend democracy."<sup>5</sup> In this sense, the proletarian response to events in Austria is to scrupulously defend and extend workers' autonomy in response to the siren calls of fascism and democracy. For, in the final analysis, with this false choice offered us, it is always capitalism that wins.

### Footnotes

1 *La Presse*, February 6, 2000

2 It is important to note that Mike Dolan of the Public Citizen Group, one of the main spokesmen and the coordinator of the official demonstrations against the Seattle Summit is a supporter of Pat Buchanan. In Switzerland too, the official demonstrations against the WTO united on a nationalist terrain, the Socialist Youth, as well as the members of parliament of the FPÖ's sister organization, the Parti populaire suisse, a party almost as strong as the FPÖ with 23% of the 1999 election vote. The capitalist left, today, apparently so supportive of democratic anti-fascism, has a very selective memory, and often develops alliances that speak volumes.

3 The "conscience" of this henchman of the world ruling class flippantly dismisses the tens of thousands of deaths caused by the embargo and bombing still regularly hitting Iraq — crimes to which this diplomat/executioner is closely associated with.

4 Other **expressions or forms** of the dictatorship of capital are fascism and stalinism.

5 *Internationalist Communist Review*, #12, 1994, p. 26.

GIK Leaflet

# Introduction: Some Recent History

**F**or all but four of the post-war years, the Austrian Social Democratic (prior to 1991, Socialist) Party (SPÖ) was in power, either alone or in coalition. This included the years 1983-87 when it was the stronger party in coalition with the pre-Haider FPÖ and 1987-2000 as the stronger party in coalition with the "Christian"-conservative ÖVP.

In 1986 Haider took over the leadership in the FPÖ which was until then a Great German-nationalist party standing for the absorption of Austria into Germany. As such, it was a refuge for ex-Nazis, but it also contained a liberal faction. Haider expelled the liberals and created a new populist political style. Later he also swapped the German nationalism for Austrian nationalism, for populist reasons. Haider attacked the "privileges" and the high incomes of "the political establishment", especially its Social Democratic part. He exposed almost everything in the political sphere, especially the politics of the Social Democratic Party, becoming more and more of a tribune of the people, especially in the eyes of many workers.

From the end of the 1980's more and more workers became discontented with the capitalist politics of the SPÖ, many of them leaving the party which had 1 million members (of 8 million inhabitants). Haider used this and gained more and more ex-supporters of the SPÖ, but also of the ÖVP. Until the 1980's the FPÖ was sociologically was a pure entrepreneurs' party, in the 1990's it attracted more workers. While the SPÖ ceased to speak about itself as a "workers' party", Haider often claimed to speak in the interests of the workers — without promising anything concrete, and he also said that the FPÖ now is the true Social Democracy after the SPÖ's betrayal of its own "principles". The FPÖ also founded its own union, but this "union" was financed directly by some entrepreneurs and was a flop (the workers mistrusted it, and the capital does not need such a union because the Social Democratic-lead ÖGB works for it perfectly).

Its worker public image did not stop the FPÖ standing for neo-liberal aims, for example, an income tax system which favours the higher incomes, and nominating big industrial capitalists as important candidates in elections. The low level of workers' consciousness and the Haider's charisma made this possible.

A second component of Haider's politics is against the EU which Haider made responsible for many problems.

And a third component is hostility against foreigners/immigrants, as everybody knows. While the previous government parties made a very restrictive policy in this

sector, but portrayed themselves as liberal and humanitarian, Haider openly showed his hostility against immigrants, emotionalising this theme by stirring up existing fears ("the country is flooded by immigrants", etc.). By doing so he gained much approval in the population, especially among workers with lower income and education and with backward political opinions — but all this was prepared by Social Democracy and the unions, as described in the leaflet

A further feature of the FPÖ was its ambiguity on National Socialism. For example he said that he employment policy of the Third Reich (Hitler) was better than the employment policy of the government. And there are close connexions between the FPÖ and publications and persons of the extreme right. All this was, together with the xenophobia, a provocation for the antifascist left and many of them characterised the FPÖ as fascist and a successor party of Hitler's NSDAP.

Altogether the FPÖ, in contrast to the other bourgeois parties and in a vulgarisation of Marxism, painted a "two-class-system" of society: the "parasites" (to this group belong the politicians, the union bureaucrats, but also foreign workers, immigrants and a part of the unemployed who "are too lazy to work") who live at the expense of the "little men", on one hand and the honest little men, the "working people" on the other hand. This is a copy of the demagogic propaganda of the Nazis.

The problem was that Haider as a media star more and more determined the themes and topics. He had only to say something, and this was then a theme for almost everybody. The problems showed by Haider were obviously the real problems.

So, the FPÖ became stronger from election to election, it increased 1987 from 5% to 27% in national elections. Until now nobody wanted to go in a coalition with the FPÖ — such a coalition seemed to break a taboo — and the FPÖ could make its populist attacks in the opposition. But after the last elections the conservative ÖVP came under pressure. It was clear that if it stayed in government as junior partner for further 4 years, it would be much weaker than the FPÖ which would go on getting stronger. So after hesitating for several months after the elections and after inner-party quarrels the ÖVP changed to a coalition with the FPÖ, in spite of the threats from the governments of some EC-states.

This change was a provocation for the left half of the political scene, for the democrats..., and at once there were mobilisations and demonstrations — also a pupils' "strike". This movement is, as you know, democratic-antifascist and also anti-racist. It is lead by the

*democratic, left-liberal intellectuals (artists...) and, of course, by the Greens and the SPÖ. The demonstrators demand a government without the FPÖ. In this movement the SPÖ naturally tries to represent itself again as a left party, as representative of the interests of*

*the workers and employees against the austerity measures of the government.*

# Not just against Haider and Right-wing Populism! Defend Our Interests against Capitalism, its State and its Parties!

## The campaign for humanity and democracy — hypocrisy!

Since the entry into the government of Haider's FPÖ, the values which until now have clearly held — humanity, human rights, tolerance and democracy, "European values" in short — are obviously in danger. Everywhere there is a mobilisation against the evil people of racist right-wing populism. Although we stand dead against Haider's right-wing populism, we must just as strongly stress: the campaign of the governments and media of the EU states for elevated values and against the participation of Haider and Co. in the government is just hypocrisy.

A system is being obscured by a veil of ideal phrases, **a system whose highest principle is not humanity, but the maximisation of profits in the hands of the biggest owners of capital, a system called capitalism in which every year millions of propertyless human beings starve worldwide**, a system in which various powers and nation states have **waged war** over the last 100 years — world wars and regional ones — in order to defend or enlarge their areas of influence. It must be remembered that democratic France waged bloody wars in Algeria and Vietnam after 1945, in order to maintain its colonial domination, and that the USA, the highest guardian of freedom,

democracy and human rights, left millions of dead on its battlefield in Vietnam — for freedom, of course. The alliance of the USA and the West European states has bombed Iraq for 9 years and on top of this has starved it: more 100,000's of dead. And, led by social democratic and "left" governments they did the same to Jugoslavia in last year's latest offensive war, which again was supposed to be for the defence of human rights.

## Haider's FPÖ — Product of Capitalism

Haider's FPÖ didn't drop out of the sky. No, with its hate-campaigns against foreign workers and the rest of its demagogic, it is the product of the very capitalist system whose representatives are now counterposing the canon of humanitarian values to this Party. **Capitalism needs the division of the working class into national and foreign workers**, into the workers and employees of the private economy and those of the state sector, into men and women, into youngsters and older workers. Again and again everyone must be stirred up against everyone else, in order to keep us workers weak and to prevent our unification in defence of our interests. If we were to overcome all our divisions, then the class domination of the bourgeoisie would be shaken.

**The SPÖ and the ÖGB have preached national identity to the workers for decades** and so caused them to be in solidarity with Austrian capital and to see frequently see foreign workers as their enemy. On ideological ground prepared in this fashion, it was not difficult for a populist like Haider to create a mass of support among the workers for the concerns of his troop of small businessmen, by stoking up emotions, and so become a factor in the equation of power. **The SPÖ thus prepared the way for right-wing populism.**

## Left or Right: they all Propagate Policies against Immigrants

Now the Social Democratic Party is **trying**, together with the Greens, the local left of capital, to **paint itself in opposition as the defender of humanity against the "extreme right racists"**. This is, as we well know, the

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usual game of bourgeois democracy: in government, every party chooses policies in the interest of capital, in opposition, they pretend to represent change in favour of the working class or of the "little man".

**Don't forget, that the SPÖ in government** from the start of the '90's under the slogan "integration before immigration" [i.e., the integration of existing immigrants before new immigration] continually sharpened the laws against foreigners under their minister Schlägl, and thus, pushed on by the ÖGB, translated Haider's demands hostile to foreigners into deeds (introduction of immigration quotas and their rigorous lowering towards the levels demanded by the FPÖ; asylum became, just like in all the ever so humanitarian European states, almost impossible; "illegal" immigrants were rigorously rejected...).

## The SPÖ in Government: Policies Always in the Interest of Capital

Now the Social Democratic Party in opposition is even trying to paint itself as the defender of the "interests of the workers" against the pro-employer course of the Black-Blue coalition.

**Don't forget, that the SPÖ in government always selected its policies in the interests of the best possible realisation of Austrian capital:** that, in the late '80's, they sacked 10,000's of workers in state industries and sabotaged all resistance by using the ÖGB; that they more recently carried out several bundles of austerity measures (zero wage in-

creases, freezes on recruitment in the public sector, etc.). And the government programme that the SPÖ and ÖVP agreed last January resembled the present programme of the coalition as much as one egg resembles another. The SPÖ too planned drastic reductions in initial pension payments and wanted to sack thousands in the public sector.

### Resist the Attacks!

The Black-Blue coalition represents a massive attack on the interests of workers:

- drastic reductions in initial pension rates
- loss of 10,000 jobs in state administration
- introduction of patient payments in health care
- massive cuts in the most diverse sectors
- undermining the wage round through plant agreements

Resist these cuts and redundancies!

Make our demands on the street!

Organise strikes where we are attacked!

Don't trust the Unions!

Now the ÖGB is verbally attacking the government's measures, but experience proves that it will aid capital to reach its ends. It is possible that the ÖGB will wage mock battles, but nothing will be achieved by them. They will only serve to deceive us workers into believing that something is being done about the attacks, so that we don't undertake a real resistance. Ruin this strategy!

GIK



The 300,000 anti-Haider rally in Vienna where the leaflet was distributed.

# New Immigration Law is State-Sponsored Racism

The Austrian ultra rightist Jorge Haidar may, apart from being an unashamed admirer of Hitler, be a racist, a xenophobe and an all round scum bag but, when he recently compared himself to Tony Blair he was not lying.

For New Labour (read New Racism, New Totalitarianism, New intensified economic exploitation of the working class) is joyfully riding the wave of anti-immigrant and in particular, anti-asylum seeker hysteria which has been sweeping the popular press at a level unsurpassed in recent years. Labour apologists will albeit somewhat shamefacedly claim that they are prisoners of an agenda set by the right wing press barons. This however is to live a lie. It is the Labour government is itself which is giving the lead in the ruling class's crusade against immigration. The Immigration and Asylum Act 1999 which is currently being implemented in stages continues the tightening of the immigration laws in the same but even more restrictive vein as the Tory legislation of 1993 and 1996. The new law contains a plethora of oppressive provisions directed particularly against asylum seekers. Clauses include the effective abolition of rights of appeal against deportation, increased criminal penalties for illegal entry and increased penalties for airlines etc. who carry passengers without valid passports. Registrars will be under a legal duty to report "suspicious" marriages and immigration advisors could face criminal prosecution for advising asylum seekers on how to enter the UK. Asylum seekers who are not detained will have to live where they are told by the government in specific "dispersal" areas. All asylum seekers will be denied social security benefits and will have to prove they are destitute in order to claim supermarket vouch-

ers. Whilst thousands of asylum seekers have been waiting in limbo for up to six or seven years for their claims to be decided, new claims will increasingly be "fast tracked" which means that claimants will be given 5 days from arrival to submit their claims in writing, effectively preventing many from seeking legal advice about their claims. It should be said that there are a few very small carrots such as restoring rights of appeal for close family members refused visitor's visas (however this remains to be implemented and sponsors may be required to pay a bond which will be forfeited if the visitor overstays their visa) and controls over unscrupulous immigration advisors but, overall the new law is one that any Haider government could be proud of.

tages who most unreasonably and outrageously sought to take the opportunity to escape from one of the most brutal and oppressive regimes on earth. The government and the media put out the unfounded allegation that the whole hijack incident was a plot by everyone on board the aircraft to seek asylum in Britain. The asylum claims were dealt with in days rather than years and the vast majority refused. Now the latest threat to British civilisation as we know it is asylum seekers coming to "soft touch" Britain to undermine everything respectable and decent by begging on the streets. We had the vile spectacle of immigration minister Barbara Roche stoking up a moralistic and racist fervour against a few asylum seekers who have the temerity to want to survive. What is surprising is how few asylum seekers do resort to this desperate activity given that they are prevented from working during the first 6 months after their arrival and they are expected to survive on supermarket vouchers to the value of 75% of Income Support benefit.

The history of immigration control is a history of racism. The first piece of legislation was the 1905 Aliens Act which was designed to restrict immigration by Jews fleeing the pogroms in the Russian Empire. No-one should forget the last Daily Mail campaign against the "unwashed scum of Europe". That was in 1938 when Austrian and German Jews attempted to flee Hitler's persecution. Subsequent legislation in the 20th century, usually passed by Labour governments, sought to restrict immigration further on a racist basis. In 1948, only 3 years after the defeat of the racist Nazi regime the "great reforming" Labour government brought in the British Nationality Act whose implications made it almost impossible for anyone



with less than "75% European blood" to register as a British citizen. The subsequent migration of black people from the former colonies lead to more and more restrictions until we now have a situation where primary immigration has effectively been abolished. The only new immigrants who do not already have family connections in the UK are either the extremely wealthy, for whom immigration controls are a mere formality and asylum seekers fleeing from crises which have often been fermented by the machinations of western imperialism.

### Divide and Rule

**T**he term may be a cliché but "divide and rule" is a tried and trusted trick of the ruling class to keep workers at each others throats rather than at the throats of their exploiters. Racism is one of the best

weapons in the divide and rule armoury and it is not surprising that the governments clear xenophobic message has been mirrored by an increase in racist attacks in recent months. The recent high profile attack on the white boyfriend of the black athlete Ashia Hansen is no isolated incident. *The Guardian* has recently reported that in Birmingham alone 200 racial attacks have occurred since June of last year. Nothing has been done about the separate racist murders of two black men, Errol and Jason McGowan by KKK-style lynch mobs in Telford. The police at first claimed that Errol had committed suicide by hanging himself – a "theory" which collapsed when Jason, investigating his uncle's murder was himself found hanged.

The government's condemnation of racism is vacuous and hypocritical given that the subtext of it's own immigration policy is that racism is OK. As revolutionaries and international-

ists we oppose all divisions within the working class on grounds of race and nationality. Working for unity within the working class means challenging racism whether it is perpetrated by neo-fascist thugs, the police or Jack Straw. It does not mean giving support to them by supporting "democracy" against "fascism" as groups like the Anti-Nazi League do. This is exactly the trap they want young people to fall in. We have to recognise that left and right are both part of the capitalist system and both want to divide the working class in order to keep workers in competition with each other instead of fighting the capitalist state. It is a formula which has been used many times before to lead workers to fight for capitalism. Internationalists stand against this and for an independent fight against the racism of all the capitalist factions.

PBD

## Revolutionary Perspectives Back Issues

*Magazine of the Communist Workers' Organisation*

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# 100 Years of Labour in the Service of the British State

**I**t is 100 years since the Labour Representation Committee (LRC) was formed. This anniversary has been the occasion for a number of cloying celebrations, from the virtually embalmed Michael Foot celebrating the so-called virtues of old Labour (February 26th, *The Guardian*), to Blair's extolling of the virtuous realities of New Labour. Foot's contribution, a shortened version of an introduction to a soon-to-appear book on the history of Labour, begins what will be a whitewash of the history of Labour, just adding more of its very own distemper to the walls of ruling class history. While Blair, the glove-puppet of capitalism, engages in business as usual running of the governmental aspects of British capitalism, spreading illusions that what the Labour does now is some sort of socialist realism, Foot and his ilk spread the illusion that the Labour Party has had something to do with some sort of progress for the working class.

## The Beginnings of Labourism

**I**n 1900 there was no mass or major socialist party in Britain (unlike many parts of Europe). The Independent Labour Party (i.e. independent of the trades unions), formed some years before (1893, Bradford), was more Christian than socialist. The trades unions on the other hand had an arrangement with the Liberal Party, which acted as the parliamentary representatives of their interests. This was becoming, though, a crisis time for capitalism and the ruling class. In the face of a rising and confident working class in Britain the state was working its way towards such things as the Taff Vale ruling, where unions could be sued by employers over strikes affecting their interests. The unions therefore felt they needed a more directly controllable parliamentary representation of their interests, instead of the Liberals

who had failed to defend them. In 1906 the LRC won 29 seats, many still through an arrangement with the Liberals. It now became the Labour Party. In 1908 that they joined the Second International, not on the basis of any programme, they had none, but purely by virtue of representing trades union interests. It was not until 1918 that the Labour Party was to acquire some sort of constitution in place of a programme. The claim that Labour was some sort of grand continuation of the tradition of the Chartists, radicals, Levellers and so on, as Foot maintains, is thus nothing but an illusion, a repainting of the past to suit their own current and past emotional and intellectual predilections – both firmly with the *status quo* rather than anything socialist. There was no initial (or later commitment) to any sort of socialism, merely the representation of the interests of labour leaders. Their chief source of ideas was the Fabian Society. A bunch of middle class intellectuals who took their name from a Roman dictator nicknamed "The Delayer". What they aimed to delay was working class revolution. Basically they saw that Marx was right that the rise of the working class was inevitable. Their task was to make sure that the working class were always under the leadership of "civilised" people like themselves. Most Fabians were eugenicists in favour of birth control for the working class, not because it alleviated poverty, but because the poor, by breeding, weakened the racial stock of the British nation! "National Socialism" was not just a German idea. The few Marxists who initially joined Labour, mainly from the Social Democratic Federation, had long since departed in disgust.

In 1914 the Labour Party took just three days to decide that they should support the British imperialist war effort. They joined with the rest of the Second International parties and wholeheartedly backed the slaughter of the First World War. Thus they had

firmly placed themselves within the camp of the British ruling class. It was left to others of the international working class movement to remain true to the decisions of the Second International and oppose the war, those who were largely to become the communist parties of later years. In 1915, the Labour leader, Henderson, and two other Labour MPs joined the war cabinet at the invitation of Lloyd George in 1915, and helped in the drive towards conscription. As prices rose during wartime, the Labourists supported the whole process of strike-breaking. From the very beginnings the Labour Party nailed its colours to the mast – the white flag of class collaboration. In 1917 the trades unions solidified their hold over the party by bringing in the union bloc vote. Michael Foot, a so-called socialist and avowed pacifist, omits to mention these episodes from his amnesiac view of labour history. Labour may have been a party *in* the working class but its support for workers slaughter within imperialist war, for strike-breaking and open support for capitalist exploitation, clearly demonstrates, even in 1918 that it has never been a party *of* the working class.

In 1918, in the face of the Russian revolution and the revolutionary wave spreading elsewhere, the Labour Party played its most significant historical role for the British state. It decided that it needed something to stop the working class supporting "Bolshevism". Given the events on Red Clydeside and the dockers' later action in stopping shipments of arms to the British armed forces attacking revolutionary Russia, as well as the strike wave elsewhere, the Fabians Sidney and Beatrice Webb wrote a constitution for the Labour Party as the answer. This included the infamous, and recently dropped, Clause 4

*To secure for the producers by hand and brain the full fruits of their industry, and the most equitable distribution thereof that may be*

ble distribution thereof that may be possible, upon the basis of the common ownership of the means of production and the best obtainable system of popular administration and control of each industry or service.

This is actually a masterpiece of opportunist ambiguity. It can be interpreted as calling for a really socialist mode of production. What it actually meant was carrying out only what capitalism needed anyway to preserve its social peace. The key phrases of "may be possible" and "best obtainable" were to be the get outs of every Labour Government after this time. But Clause 4 did succeed in spreading illusions amongst workers – that Labourism had something to offer them. It enabled Labour to play its part in saving British capitalism in the Twentieth century.

### Into Government

The November 1923 election gave Labour its first taste of parliamentary office proper. Although the Tories had 258 seats they had no overall majority. Labour had 192 seats and were the second largest party. Baldwin, the Tory leader, decided that the safest bet in the circumstances was to allow the Labour Party to form a minority government with the support of the Liberals. Labour may have gained more support and been pushed further left if a hamstrung Tory party had taken power in a climate of continued strife. The government under Ramsay MacDonald was short-lived. A few reforms were pushed through, but all were acceptable to the Liberals and others within the government. It was a continuation of Labour's beginnings as essentially trades union 'liberals'. J. H. Thomas, the union leader and MP, in the Colonial Office, showed the clear credentials of Labour



*I'm here to see there is no mucking about with the British Empire*

Workers on strike in India were duly shot and killed. This was as plain a statement of Labour's "socialism" as possible, and, of course, its commitment to international freedom and democracy. This was underlined by the Labour activity in rearming Britain and further using those arms to bomb Kurds in Iraq (then 'protected' by Britain). The RAF beat Saddam Hussein by about seventy years.

In February 1924 the dockers struck, Labour opposed this with plans to use troops to break the strike if it continued. By March the tram, bus and underground workers had come out. MacDonald invoked the 1920 Emergency Powers Act, against the direct interests of the workers, and the strike was called off. It was to be the first of many occasions in which Labour used troops against workers. Under these and other pressures MacDonald dissolved the government, calling an election which was won by the Tories. The press claimed that Labour had some sort of subservience to the re-

cently formed Communist Party (CPGB), going so far as to have a forged letter from Zinoviev, then head of the Comintern, printed in the *Daily Mail* – giving supposed instructions on how the CPGB could take over the 'labour movement'. Labour, though, were as vehemently anti-communist as any other part of the capitalist political machine, and went further than simply rejecting the application of the CPGB for affiliation.

### Back to Office

In 1929 British capital was in big trouble. The post-war recovery had not lasted long and once again global capitalism was in crisis. The Wall Street Crash brought mass unemployment so who better to install in office than Labour. The supposed friend of the British working class was to be, and still

is, the best friend of British capital. Who else could put over the disarmament of possible class struggle and its expansion better than a party in which workers have illusions? Ramsey MacDonald faced with the collapse of the capitalist system had no intention of even the mildest of socialist reforms. Had the Tories directly proposed benefit cuts and the introduction of the means test there would have been revolt. Coming from Labour it was accepted as the only solution. In 1931 the Labour government was transformed into the National Government in coalition with the Tories and the Liberals. It cut teachers, civil service pay and the dole. It supervised other wage cuts in various industries (e.g. textiles), it oversaw the rise in unemployment, the 'rationalisation' of industries. The formation of the National Government gave the British state other options. The Labour Party split and its left was reduced to an electoral rump of about 40 MPs. In Labour mythology this has always gone down as "the great betrayal". But the Labour Party

which went into opposition did not call for socialism. They called for the same Keynesian methods of running the capitalist economy that were already in use in Fascist Italy, New Deal America and Nazi Germany. As an opposition they were useful to the state since they provided another capitalist solution which pretended to be on the workers' side. And in international affairs we should not forget that in 1930 the Labour Party, still ruling on its own, had demonstrated its commitment to the Empire by jailing tens of thousands of Indian rebels and turning loose troops on strikers in Egypt.

## Back to War and Support for the Slaughter

In 1939 the Labour Party under Attlee were, once again, quick to support the British ruling class in its move to war. Attlee going so far as to say

*Put all the pressure you can on the PM. We've got to fight*

This loyalty to British capital and imperialism in its participation in the second great imperialist slaughter was hidden under the figleaf of "anti-fascism" but it was rewarded by places in government in 1940. Attlee and Greenwood got places in Churchill's War Cabinet. Attlee quickly introduced an Emergency Powers Bill giving the government the power to control most aspects of ordinary everyday life. He was to announce to the country on the radio

*Parliament has given to government full power to control all persons and property ... The direction of persons to perform services will be the Minister of Labour, Ernest Bevin*

As with all wars the standards of living for workers was lowered drastically. This gave rise to strikes which the grand friend of labour, good old Ernie Bevin, characterised as sabotage – strikers were enemies of the people. It was Bevin's signature on Government order 1305 which made all strikes illegal. This did not mean that all workers toed the line as they were forced to put up with an increased pace of work, a lowering of wages in effect, a lower-

ing of safety provisions and so on. There were notable strikes against the arbitrariness and exploitation of the 'friends of labour'. The Bettleshanger Colliery strike of 1942 witnessed 1000 miners force a government and Bevin climb down even though they were fined and three miners jailed. Similarly in 1944 200,000 miners struck in South Wales and Yorkshire over wages, eventually winning further wage awards than those initially given by government.

## The Peace, but not Necessarily the Class Peace

In July 1945 the Labour Party won another election with a massive majority. Workers had become heartily sick of war. Some troops had even mutinied in the final days of the war whilst others had run up the red flag. Unfortunately they put their faith in a Labour government for whom the red flag was always an empty symbol to fool the masses. Labour once again came to the rescue of British capital. At the time there were mounting strikes throughout large sections of industry. The Labour government under Attlee translated Clause 4 into the nationalisation of coal, steel, rail, gas, electricity, the Bank of England and so on – saving capitalists and their capital from the problems of largely poorly profitable enterprises and poor capital stocks. They introduced further welfare measures, notably the National Health Service and social security benefits. But these are tenuous claims to socialism (the Beveridge report on which the NHS was based was a continuation of Labour's liberalism, Beveridge was a Liberal). The provisions of the welfare state were and still are paid for out of our wages through taxation – they have never been and are not a gift. Even these reforms were soon undermined. In 1949 Labour passed a law allowing for prescription charges and in 1951 allowing for charges to be made for false teeth and glasses. Similarly the bailing out of unprofitable capitalist enterprises came out of our earnings, and it merely replaced one set of bosses with another. These industries were not handed over to workers to run, nor

were any profits distributed amongst workers or others. The control of these 'nationalised industries' remained firmly in the hands of the ruling class, just a different section of it than before.

It was precisely in this post-war period that the Labour Party reaffirmed its anti-worker credentials. They used troops to break strikes 14 times (as in dock the dock strikes, firemen, bin men and so on), the Tories 3 times in the post-war period. Between 1947 and 1951 workers suffered a fall in their real wages.

As good pacifists, like our venerable Michael Foot, the Labour Party continued its tradition. It was the Labour Party which oversaw the development of British nuclear weapons – both the atom and hydrogen bombs.

In 1964 Labour were returned to office after 13 years of Tory government which was really no different in policy to the previous Labour government. Since the end of the war there had been a sort of class peace as the post-war boom gradually took hold in Britain and as both parties agreed that the state should be used to preserve it. However strikes never went away – it was simply that in the boom period the employers had to pay wage increases because there was a shortage of labour. The war had however left the British economy with massive structural problems. It was almost continually beset by balance of payments crises and pressures upon the pound. After 1966 the Labour response was a freeze on wages, but, of course, prices rose at the same time, thus wages were devalued. Workers responded with strikes, often unofficial. Barbara Castle's infamous 1969 White Paper *In Place of Strife* attempted to get unions to police their members in a more rigorous way. The Tories under Edward Heath made these proposals law. Labour introduced further prescription charges, exchange controls and new import taxes. Continuing in its racist trajectory new and harsher immigration laws were introduced in the face of the possibility of a large number of Asians coming to Britain as Kenya prepared to kick them out. The Callaghan government which followed on from Heath and Wilson was faced in 1976 with a deepening

## Incineration Plants

# The Fight Against Capitalism's Burning Issue

## Capitalism and the Environment

The pollution and disease noted by Engels in the 'Condition of the Working Class in England' has not disappeared in the one hundred and fifty years since he wrote it. It has merely taken on new forms, and capital's ability to destroy the planet is now unprecedented. Almost all of us are now polluted with hundreds of different synthetic chemicals from our food, our drinking water and from the air, none of which would have existed at the turn of the last century. The so-called disposable culture, which is often blamed on 'consumers', is in reality a problem of production. Because capitalism only ever operates with a short term view, and since it is only ever concerned with maximising the rate of surplus value it can wring out of the working class, it sees everything on the planet as disposable, from goods manufactured to deliberately have a short term life to keep the market alive, to whole workforces and even whole areas of the planet (as was most recently seen with the floods in Mozambique). We live in a system which does not produce commodities because we need them, but because it can make money from them. It is little wonder that environmental disaster is the result. The disposal of waste is a good example of how capitalism and the needs of human beings are mutually incompatible.

In the EU alone over two billion tons of waste is produced each year of which thirty six million tons is hazardous. Many countries are choosing to incinerate refuse since it offers a virtually ten-fold reduction in the volume of waste to be disposed of and it is cheap, as long as you don't count the costs of healthcare. As a short-term fix incineration is well ahead of its rivals and

with contracts running fifteen years upwards it is an extremely lucrative business. In Britain multinationals are queuing up to give local authorities glossy brochures explaining how environmentally friendly they all are, and the local authorities are all for it. For many years now Britain has held the dubious honour of being the dumping ground for much global waste (as the recent case of Sellafield processing nuclear waste from Germany and Japan shows) and countries like Australia (which do not have any incinerators themselves) are paying vast amounts to have their rubbish sent over to Britain for incineration.

## The Situation in Byker

At the moment there are seventy two incinerators in Britain with some 14 million people living near them. One such plant is in Byker, Newcastle upon Tyne. At the moment it processes 25,000 tons of waste per annum. The Labour led Local Authority plan to increase this amount to 200,000 tons, using shredded tyres as fuel. The Byker plant is typical in that it is situated in a densely populated working class area which already has an official sick rate of 20%. The plant is also sandwiched between the fourth and fifth poorest wards in the north (out of a total of 678). The local authority are keen for the upgrade to go ahead, so keen in fact that they planned the whole thing in secret for five years and had almost got to the stage of signing contracts when local people found out after a casual remark made by someone after a meeting. So much for Labour's local democracy in action. They also spread 2,000 tons of ash to 40 public places without first having it tested (including on children's playgrounds and allotments). Ash from the process is of particular concern because

it tends to concentrate the toxins, especially if the filtration system on the incinerator has been efficient, and according to the EU's draft Regional Strategy for Integrated Waste Management (1991)

*...secondary wastes from thermal transformation, such as flue ash and grate ash, are significant environmental hazards.*

When local people organised themselves into a campaign<sup>1</sup> to find out more about the effects of incineration on their health they were denounced by the Council as trouble makers and scare-mongers. As with other anti-incineration campaigns, the Local Authority has used a variety of tricks including trying to keep the issue a 'local' matter (as though air stays "local"), withholding important information, issuing leaflets telling everyone what a great thing incineration is and has failing to advertise its one and only public meeting on the issue. Obviously big money is at stake here.

The stakes are also high for the people who live near the plant. Incinerators are responsible for between 50-80% of contamination of land in Britain. Anyone who lives within a five mile radius of an incinerator has the risk of cancer and other diseases greatly increased. If the Byker plans go ahead, it would mean the equivalent of some 100 kilos of particulate emissions per day (or 1.7 million diesel vehicles running every hour). And as with anyone else living near an incinerator, local people will be at risk from a whole cocktail of toxins, some, according to the EU, the most dangerous chemicals known, including cadmium (which is noted for causing stomach cancer and lung and kidney disease), mercury (which affects the central nervous system), carbon monoxide, sulphur dioxide, nitrogen oxides, thallium, dioxins and furans, lead, ar-

senic and a vast range of other poisons. It will discharge some 10 tons of heavy metal over the next 20 years and about 200 tons of oxides and nitrogen. Those at greatest risk are the very young, as well as babies who are poisoned in the womb. Pollution crosses the placenta to give the unborn child (especially the first born) a massive dose of toxins, and since babies are more susceptible than adults, they suffer more. People living close by incinerators have already seen increases in birth defects, immune disorders and childhood cancers. The next best way to pass on toxins is through milk. Breastfeeding babies can now get up to 350 different poisons in their milk and a study carried out in 1994 found that UK intakes of dioxin-like compounds in breast fed babies was 42 times in excess of the tolerable daily intake<sup>2</sup>. For older children a whole range of health risks lie in store, from cancer to intellectual impairment to behavioural problems. One study of the Byker plant in particular estimated that the local community would suffer up to 810 deaths and 1,600 hospitalisations over a twenty year period. When people protested to their Labour MP, Nick Brown, he told them that he couldn't oppose the incinerator on health grounds, but said that in light of the fact it was being built just a few miles away from a luxury development on the river front he would be happy to oppose it on aesthetic grounds!

The Local Authority is reluctant to discuss any serious alternative to its preferred methods for the disposal of waste. When tenants suggested various methods of recycling they were told that such a scheme would not work because people were incapable of separating out their rubbish. Instead, they have chosen to carry on despite the fact that for local authorities to get their money's worth they would have to burn the maximum amount of waste possible. In nearby Cleveland the local authority signed a contract for the incineration of 310,000 tons of rubbish per annum. In the first year of the contract only 248,000 tons was burnt and Cleveland was presented with a penalty charge of £147,000 as a result. As one official noted, it meant 'that fundamentally we are into waste maximisation'<sup>3</sup>. This will be the future

for the Byker plant and all the others if plans go ahead.

## The Role of the Labour Party

The biggest advocate of waste incineration is the Labour Government. It is well aware of the effects incinerators have on the health of those who live around them. The Minister of the Environment, one-time darling of the Labour Left, Michael Meacher, said last year that:

*Incinerator plants are the source of serious toxic pollutants; dioxins, furans, acid gases, particulates, heavy metals, and they all need to be treated very seriously.*

He went on:

*Some of the emissions are carcinogenic. We know scientifically there is no safe threshold below which one can allow such emissions<sup>4</sup>.*

Nevertheless Labour is pushing hard for incineration and plans between 165 to 177 new incinerators, to be built predominantly in working class areas like Byker. The fact that the existing plants have failed to meet even the official safety regulations does not seem of any concern. There have been problems to some degree in every plant so far in Britain, with even the most modern plants reporting difficulties. In south-east London there have been hundreds of reported breaches of safety standards, and the plant at Ellesmere Port had seven releases in one month alone. No UK incinerator has as yet been able to fully comply with the conditions of authorisation that were issued by the Environment Agency and the situation is exactly the same everywhere else. In the US officials of the Environmental Protection Agency and government scientists admitted that waste incinerators were emitting hundreds of times more dioxins and other toxic air pollutants than was allowed by their own regulations. And just like everywhere else the US has experienced a whole catalogue of malfunctions from explosions to major toxin releases which the incinerator operators tried to cover up, such as the Jacksonville incinerator which burnt 16.5 million pounds of herbicides which had been left over from the Vietnam war. Local popula-

tions were contaminated by dioxins and furans and concentrations ranging from 3-40 parts per million. You don't have to live near an incinerator to be affected; since dioxins and other poisons are absorbed through the food chain anyone who eats anything produced anywhere near an incinerator now faces potential health risks.

As far as governments are concerned the savings made by incinerating waste are worth the resulting extra deaths. In the short term campaigns such as the one in Newcastle have no other option than to mobilise the community and fight the multinationals, the local authorities and the policies of central government. The whole incineration problem just shows not just how life-threatening capitalism is. It also shows that our real enemy is a state made up of monopolies, militarists and their pet politicians. There is not a single political party which really represents anyone other than the big multinationals who fund them. A system based on the endless search for profits is the root cause of every environmental problem we have, and it is a political system based on the exploitation of one class by another which stops communities making decisions about how to run their own lives and how to protect the environment they live in. Only when capitalism has been destroyed, only when the capitalist state has been liquidated will communities become genuinely in control of their own destiny through electing recallable delegates to be directly accountable to the people who elect them. Only then will we really be able to settle accounts with those who want to destroy our health and our livelihood.

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## Footnotes

1 CAIR — The Campaign Against Incinerated Refuse

2 MAFF June 1997

3 Evidence to the House of Lords Select Committee on the European Communities on 'Waste Incineration' 11<sup>th</sup> Report. HL Paper 71 14/4/99

4 Assistant Director of Environmental Services, Stockton Borough Council

# The Welfare Blitz — Another Turn of the Screw on the Working Class

**C**hancellor Gordon Brown stated long before the 2nd March Budget that he would be setting out measures to implement the main recommendations of the Labour Peer Lord Grabiner's enquiry into the estimated £80 billion per year "informal economy". In the U.K., for many of our class, unemployed, or on low wages topped up with Government supplements, or on various disability allowances (obviously we are talking about several million people) this represents a further attempt to restrict access to a semi-decent livelihood and a constant anxiety for those choosing to work "on the side" rather than vegetate in deepest poverty, or suffer the attrition of low paid, boring employment opportunities which are filling the vacuum left by the shedding of better quality jobs.

## Labour's Proposals

**T**he proposals include a U.S. style "two strikes and you're out" system whereby claimants convicted twice of fraud lose benefits for a specified period, also suspected claimants will be ordered to sign on more frequently and at unpredictable times. It is also interesting to note that a recent scheme aimed at the unemployed include issuing them with mobile phones so Social Security will be able to get in touch with them at any time.

Such responses are typical of capitalism's attitude towards the mass of claimants which thirty years of economic crisis has created. Desperate

poverty and inability to escape a poverty trap which prevents millions from maintaining their situation by what the State considers legitimate means induce claimants to seek extra-legal means to augment their incomes. For many, life on the array of benefits (which disguise the true extent of unemployment) is an insult which necessarily breeds the "informal economy". Add to that the artificially high number of so-called "small business owners" who are often recruited from the ranks of the unemployed. They cannot find a job so they take the plunge into self-employment. For them it is an attempt to cling on to a living in the face of ever more viciously competitive monopoly enterprises which can bend the legal system in their favour because they donate to the main political parties. Like the rest of us they are right up against the real dynamic of the capitalist process. These so-called "small businesses" often are forced to resort to cash-in-hand payment to avoid commitment to workers, also such wages mean workers do not have to deduct tax, therefore the employer can offer a reduced wage which in the circumstance seems attractive. In fact Lord Grabiner has called for a new offence of fraudulently evading income tax, to be tried by magistrates to avoid restrictions which currently mean only the more important cases of evasion are prosecuted.

## The Real Frauds

**A**nyone considering themselves a socialist should not be taken in by Brown's reactionary "solutions". When he claims, "Defrauding the benefit system means defrauding the poor and preventing us getting the resources we need

to those in need" we reply that the entire capitalist system defrauds the poor and the vast majority of society's members, the working class which today faces the highest rate of exploitation in history. For socialists or communists the real criminals are the tiny minority of the extremely wealthy and powerful ruling class who preside over a decaying system which is the root cause of all deprivation and cannot survive bar for the constant reduction in the share going to the working class, so as to maintain profitability. Rather than unleashing more torment on the victims of this social arrangement, Socialists argue for the construction of a society whereby labour and its rewards are reasonably allocated, rather than the present chaotic mess which is seeing humanity sink deeper into barbarism. Ant

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### An Apology to our Readers

Due to a piece of last minute editing we inadvertently cut out a line from the middle of the article on Nationalisation and Privatisation — Twin Pillars of Capitalism in the last issue. The last sentence of p. 11 and the first of p. 12 should have read:

*Asking the Government to buy back into Railtrack is reckoned the best bet to convince private bankers to lend the money. As we can see none of this has anything to do with the fight for socialism.*

We hope this did not create confusion!

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# Oil and the New US Economy

**A**s this article is being written the Organisation of Petroleum Exporting Countries (OPEC) is meeting in Vienna. By all accounts angry spokesmen for the US are doing their utmost to get the cartel to increase supplies in order to get a cripplingly high oil price down. In February complaints from industrialists and street demonstrations by truck drivers against soaring diesel and petrol prices led Washington to make the supposedly unprecedented threat to release oil from the US Strategic Petroleum Reserve (SPR). By the time of the OPEC meeting (27th March) there are now calls for an investigation into the 'legality' of the oil cartel itself. This is presidential election year and a sudden jump in fuel prices is not exactly a vote catcher while the increased price of oil imports will only do further damage to the US gigantic trade deficit [currently around \$400 bn] with the rest of the world. (As well as being by far the biggest oil user in the world — last year consuming 20m barrels of the 75m barrels burned every day — 51% of US oil supplies are imported.) According to a *Financial Times* report of 22nd March,

*Petroleum imports increased to a record \$7.87bn in January, almost double the level of a year ago, driven by the surge in crude oil prices to \$23.18 per barrel in January — the highest in nearly ten years.*

What's more the high value of the dollar on the foreign exchange markets is making foreign manufactured goods relatively cheap for the US consumer and, as with sterling, making it harder for US manufacturers to sell abroad. Not surprisingly the same *FT* article reports that in January,

*Imports of foreign-made cars, computers, aircraft parts and other products soared to*

*\$110.2bn in December, while exports fell 1.8 per cent to \$84.06bn.*

## The Collapse of Bretton Woods

In a previous age between the two world wars the response of a major capitalist power to a situation like this would have been to pursue a policy of currency devaluation in order for the national capital to regain competitiveness for its manufactured goods on foreign markets. After the Second World War the Bretton Woods agreement between the Western powers established a system intended to avoid a return to competitive devaluations and the trade wars which were a precursor to war itself. The US dollar, the international unit of account and currency of world trade, was supposedly made immune from devaluation by linking it to gold (35\$ per ounce). This in turn was meant to assure a stable, crisis-free world economy. But it was Marxian, not Keynesian, economics which were borne out at the beginning of the Seventies when the prospect of permanently crisis-free capitalist growth crumbled under the impact of a diminishing rate of accumulation. Above all the entry of world capitalism into a new period of crisis was signalled by the US freeing itself from the necessity to pretend that for every thirty-five of the voluminous amount of paper dollars circulating somewhere in the world the US treasury held an ounce of gold (1971). It was a move which not only officially acknowledged the dollar's de facto devaluation but in effect broke the Bretton Woods system. Two years later, when the dollar was devalued by a further 10% the prospect of a return to the competitive devaluations of the inter-war years seemed very real. Yet today, although the capitalist crisis has still not been resolved, the old beggar my neighbour policy and the tendency towards economic autarky is not on

the cards. Instead capital has found new means to camouflage and prolong its accumulation crisis by opening up capital markets. The aim of the new game is above all for the strongest capitals to find a means of getting their hands on as much as possible of the surplus value (the wealth produced by workers' labour power) from the rest of the world. In the globalised 'new economy', where — we are told — national wealth accrues from services and, apparently in the case of new technology stocks and shares, from thin air, whatever advantage to the trade balance a cheaper currency might bring this would be more than offset by the flight of international capital away from the devalued currency. As the British state found to its cost at the beginning of the last decade when sterling was forced out of the European Exchange Rate Mechanism (ERM), a declining currency in the age of international financial 'liberation' is liable to become a dramatic free fall once the speculators on the international money markets lose confidence and decide to offload their holdings. Moreover, income from interest paid to investors in a devalued currency declines in real terms, making it difficult for governments and financial institutions to attract foreign investment. If the devaluation is dramatic enough then nominal profits from gambling on the stock exchange and equity markets will be wiped out and the stage is set for a stock market crash.

## The "New Economy"

In the era of the 'new economy' therefore the onus is on states to keep up the value of their currency so that they can offer substantial returns to foreign as well as domestic financial capitalists. This, more than any strong desire for a united Europe, is the motive force behind the introduction of the Euro. Increasingly the imperialist rivalry

amongst the world's strongest economies is being focussed round the economies of three rival currency zones: the Dollar, the Euro and the Yen. One of the prime aims, especially of the US and Europe, is to attract capital from each other and from the majority of weaker states who are out of the game as far as an independent currency is concerned.

Here the US is currently beating all its rivals. Attracted by higher interest rates and generally higher rates of return on financial investments, financial capital is flowing to the US

from all over the world, not least from Europe and Japan. Japanese pension funds, for example, hold over 8% in US Federal bonds alone. Last year the euro-zone was a net exporter of capital (to the tune of E50 bn), the bulk of it to the US. According to the *Financial Times* [9.2.00],

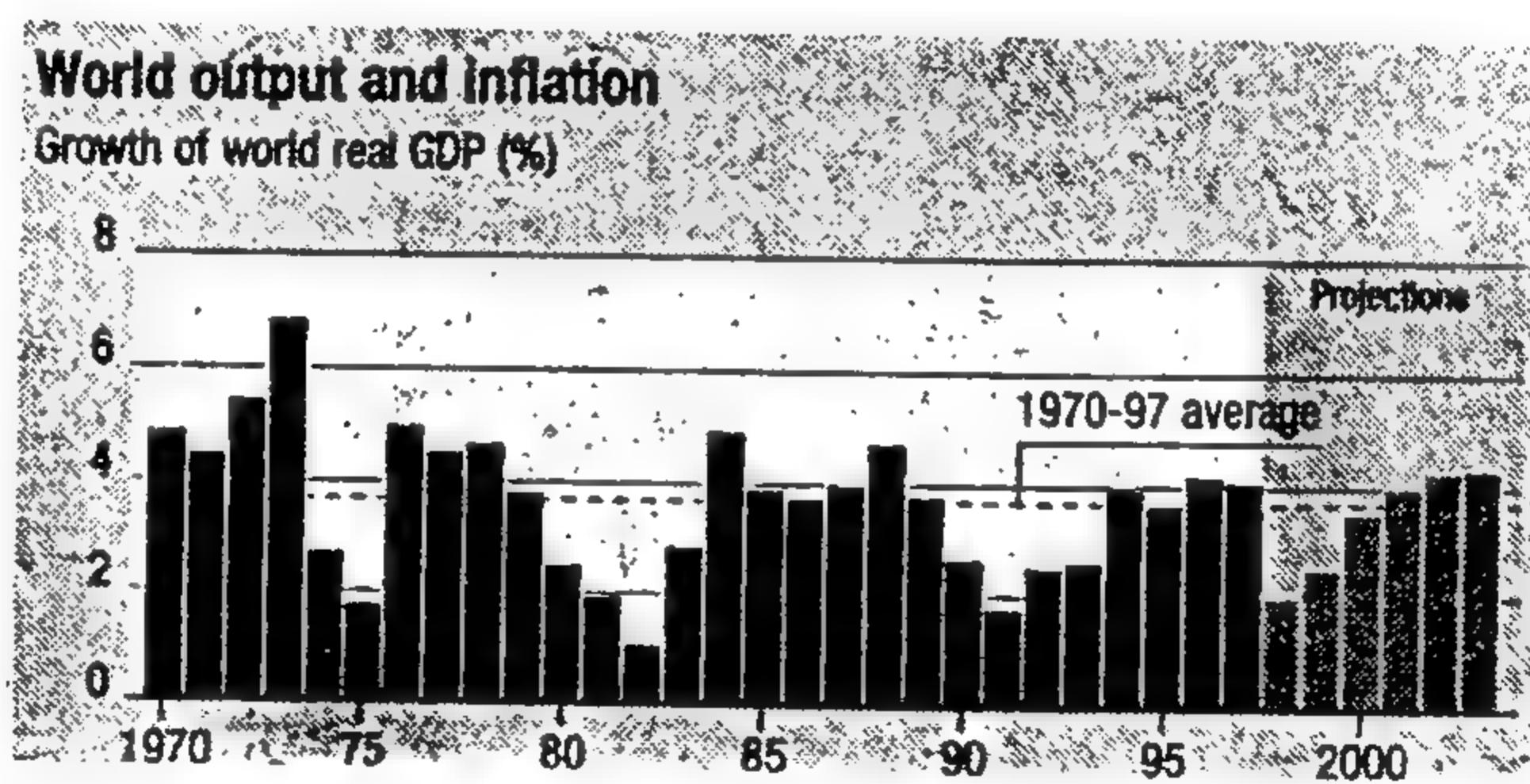
*Big returns from past investments have attracted unprecedented amounts of venture capital looking for a home in companies before they go public. US venture investments rose from \$19.2bn (£11.7bn) in 1998 to \$48.3bn last year ... There is more money coming too. Credit Suisse First Boston's technology group estimates that \$120bn has been raised globally for venture investments and has yet to be spent.*

Here, of course, we're talking new technology and the rush to get a stake in the potentially massive rake-offs from newly-launched share issues in modern companies joining the 'highest performing' sectors of the stock market. IT hardware and software, telecommunications, media and photography, electronics and electrical equipment, these are the sectors which are booming. Let's have the *FT* put us in the picture again:

*US information technology shares are now worth \$2,700bn (£1,626bn) — slightly more than the value of all shares in the UK*

*equity market, the world's third largest. Microsoft alone is worth as much as all listed Italian companies put together.* [2.11.99]

According to the pundits of the 'new economy' all this means the US can



run up a massive trade deficit and a current account deficit of 4% of GDP with impunity. The deficit is counterbalanced by the influx of capital which represents a "reallocation" of global wealth, a reflection of the US' role as generator of world economic growth.

## The US is Booming For Capital

The US is now boasting 108 months of continuous economic growth, its longest period of peacetime expansion. According to the US Commerce Department this year's first quarter GDP figures are set to continue the pattern and, with a growth rate of 5%, once again exceed forecasts and herald a fourth consecutive year above 4%. If a longer historical perspective than the past 8 years is taken then we can see that the US boast amounts to no more than a claim that GDP growth has just about returned to the global average in 1970 at the outset of the crisis. [See the graph below.]

Similarly with the rising graphs portraying productivity growth in the last decade. If the graph were extended to the beginning of the Seventies then it would show productivity levels returning to the level of the early Seventies — a level recognised at the time as too low. This is hardly an indication that the US has finally found a way of overcoming the post-war accumulation crisis. However, if we take the

increased growth figures at face value, they do appear to show that over the last decade US capitalism has been able to claw back some of its lost economic dynamism and hold the crisis at bay. For the champions of the 'new economy' it has done more than that. For these dot. com enthusiasts and internet wizards the acceptance and exploitation of high technology is responsible for the recent rise in productivity which in turn is bringing higher living standards. Or as one optimistic financier from an "equity research group" in New York put it on the day that "record growth rates" were announced:

*People are spending because they're fully employed. This is economic euphoria, we have low prices for everything and everyone's making money; inflation really doesn't exist — and don't expect anything to change any time soon. [One Richard Yamarone in Financial Times 31.3.00]*

Well, he would wouldn't he? This is reality as perceived by a member of the exploiting class. But how does it match up to the reality of working class lives? For a start we can forget any idea that the US has managed to achieve 'full employment'. Even the official rate still remains at over 4% and like everywhere else the official calculations involve all sorts of way of hiding the true figure (not to mention 2 million or so left out of the figures because they're locked up in jail). Possibly by "fully employed" our financier means workers with jobs in the 'new economy' are working harder than before. This won't figure in his "equity research" but other studies show that working hours in the US are on the up (From 1,883 hours per year in 1980 to 1,966 in 1997, according to the International Labour Organisation) and that most workers would like to work less (64% in 1992 according to the Families and Work Institute of New York). However, they can't because, whatever the official figures say about wage increases, the

purchasing power of their wages has declined,

*...just to reach their 1973 standard of living [US workers] must work 245 more hours, or six-plus extra weeks a year.*

[*Juliet Schor, The Overworked American, 1992*]

and in any case it's common practice for firms to demand compulsory overtime instead of taking on new employees. In other words, the situation of the working class in the 'new economy' is anything but economic euphoria. Moreover, from this evidence it looks suspiciously as if the much-vaunted productivity growth of late owes as much to workers putting in more hours as it does to the widespread application of high-tech capital equipment. (In Marxist terms an increase in the rate of absolute exploitation.) Any financial consultancy interested in setting up a workers exploitation research group?

In fact the massive generation of financial wealth for those at the top of the pile in the 'new economy' has little to do with a real increase in the production of surplus value which is roughly equivalent to productivity of manufacturing industry. The modest increase in productivity of the manufacturing sector cannot explain the exponential growth of financial profits in a sector which was once — correctly — regarded as a cost to overall capital — that of services. 'Services' in the new economics refers not so much to things like health care and educational provision but above all to the financial sphere: banking, stock-brokering and anything to do with stock market trading: pension fund and insurance managers, hedge fund traders, the whole gamut of financial 'consultants' who, without producing anything, can reap a higher rate of return on a given financial outlay than the average industrialist or manufacturing capitalist. In the United States over the last decade returns from the equity (share) market have averaged more than 17%. Only the 1920s and 1950s have seen these kind of financial returns. In the technology sector averages are higher. (On the UK stock market earnings per share of 40% for hardware companies

and 26% from software are the norm. We couldn't find figures for Wall Street but they will be at least as high.) No wonder that 40% of Wall Street's \$15,300bn of stocks is now directly owned by "ordinary Americans" [49.2 million households]. (That's not counting a further 30% held in insurance and pension funds.) However, the traditional coupon-cutter living from the proceeds of his dividends is only a small part of the 'new economy'. Nowadays the average holding time for equities in the USA is around 250 days. More important than receiving a dividend from the proceeds of a profitable company is the money made from selling shares of companies which may be profitable but which might not even pay a dividend (for example Microsoft) or, as often as not, of companies which have yet to make a profit. The whole process involves a massive overpricing of shares in relation to the stated capital value of a company which in turn is likely to be overvalued in terms of profits and turn over. (On the London stock market technology shares are trading at roughly 34 times their **forecast** earnings; telecommunications at 78 times.) Here is a typical example of the kind that can be found almost daily in the *Financial Times*:

*Bookham Technology, a designer and manufacturer of optical components for fibre-optic and cable networks, plans to issue 19m shares at between 800p and £10 apiece as part of a listing expected to value it at more than £1bn. The company, which is expected to make a loss of £19m, is seeking a listing on the London and Nasdaq [US] stock markets. [FT 29.3.00]*

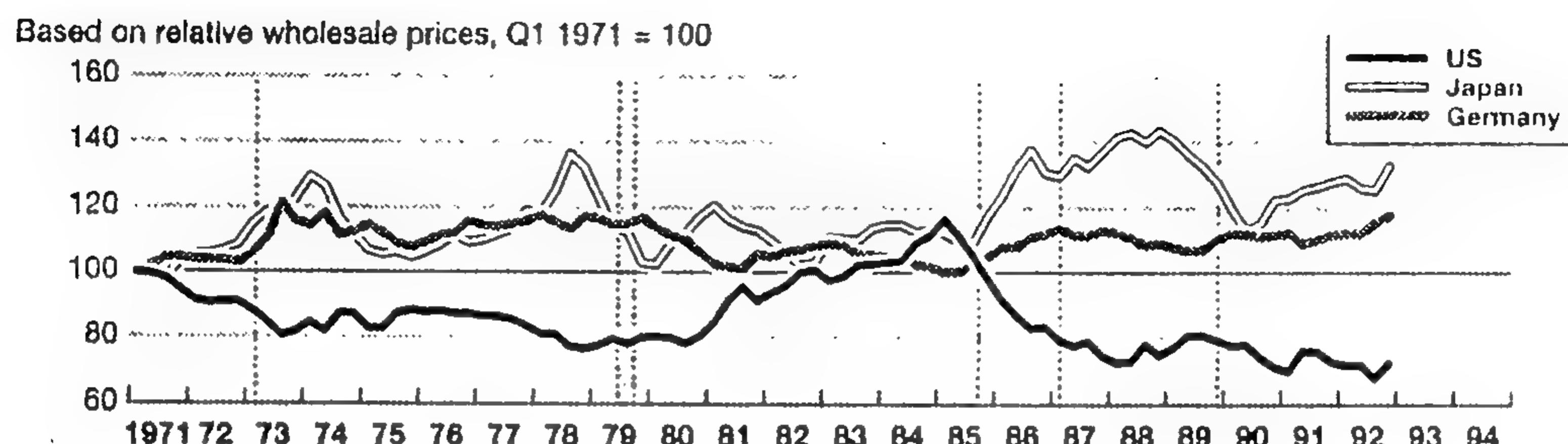
In essence there is nothing new about this. Overvaluation of companies and shares on the basis of expected future profits is symptomatic of every speculative bubble from the Dutch tulip mania of the 1630s to British railway mania in the 1840s. It's the scale and the context that differ. Today the context is global and the capital involved is being drawn from throughout the world but the element of fictitious capital which is leading proponents of the 'new economy' to recommend a change in the traditional accounting that only understands "physical and fi-

nancial assets" is symptomatic of a bubble that has to burst, not a recipe for regenerating world capitalism.

*The movement of M-M' [i.e. a given amount of money yielding a larger amount of money ed.] is a 'fictitious' movement in the sense that the value accumulated by that capital has not been derived, either directly or indirectly, from the production of goods but through paying loans with further loans, that is to say, through anticipating future value.'*

Borrowing and lending are at the heart of the US 'new economy'. In the last two months of 1999, for instance, what's known as margin debt — borrowing to buy shares or other financial 'instruments' rose faster than the stock market itself to exceed \$200bn. Greenspan, the chairman of the US central bank, and his fellow regulators who are trying to control this financial leviathan, are now considering abolishing the 50% rule brought in after the 1929 crash. This prevents speculators borrowing more than half the value of stocks they want to buy. They have already abolished the necessity for retail and investment banking to be kept separate. [Established in the Thirties to protect savings of 'ordinary' citizens after savings and loans companies had gone bust.] These kind of measures only ensure that when the crash comes it will be wide-reaching. They are part of the "deregulated business climate" financial dealers want to see in Europe but they do not explain how international confidence is maintained in an economy whose financial assets (in stocks, banking and bonds) are currently valued at \$35,507bn: massively more than the real capital values of US companies and larger by far than any other single state. How is that US capital can maintain the fiction that it is the world's biggest generator of growth when in fact the gigantic amount of speculative capital which is never put to productive use (i.e. to the generation of new surplus value) is a massive drain on the global amount of surplus value?

## Real Effective Exchange Rate



*From this it is clear that the US has had some catching up to do and, despite the dollar's rise still lags behind in real value.*

## US Must Keep Up Dollar Exchange Rate

**A**n essential part of the fiction is international confidence in the value of the dollar. As we have explained in more detail elsewhere, the US in keeping with the other major capitalist powers, can boost demand for its currency by manipulating interest rates and it can use other strategies such as selling off gold so as to keep up the relative value of the dollar and maintain its attraction as a reserve currency in state treasuries throughout the world.<sup>2</sup> Even so, the dollar has been depreciating in real terms against other currencies since even before the onset of the world economic crisis. [See the graph above.]

However, the extent of this depreciation is hidden by the fact that the green back is still the international unit of account and the currency of international trade. According to the pundits of the 'new economy' oil is of marginal importance in the age of post-industrial capitalism. In fact it is still a universally required raw material, the main source of the world's energy, a commodity which every state has to find the dollars to pay for, whatever the price. There are undoubtedly strategic interests at play when it comes to the complex question of oil. Oil pipelines being built by western capital from the Caspian and Caucasus, for example, are not necessarily being established according to production costs or the most convenient geographical route.<sup>3</sup>

But when it comes to oil, 'strategic interest' for the US is not just about ensuring one's own industrial and military supplies and potentially being able to block supplies to imperialist rivals, it is also about being able to control the oil price in order to maintain international demand for dollars and hence keep up the value of the currency. Clearly this implies that the US will generally go for a high rather than a low price. In this light it is possible to understand why the US has allowed itself to become a net importer of oil: domestic production of oil is not so crucial to the economy as control of oil supplies and oil routes internationally. (Naturally this does not discount the role of American oil companies in opening up new wells abroad.) Control of oil routes is important, not just for guaranteeing supplies for US domestic needs, nor even for the rent paid for the use of pipelines but for the leverage it gives US capital in the supply of oil and thus in the formation of the oil price. One of the ways the US has increased its leverage is by diversifying its own source of supplies. By 1992 the US had moved away from relying almost entirely on the Middle East (principally Saudi Arabia) to importing from Latin America, mainly Mexico and Venezuela. These two are now the biggest oil suppliers to the US. Once established as such one of the biggest breakers of OPEC production quotas (Venezuela) and Mexico (which is not part of OPEC) saw the value of making a production restraint deal. In March 1998, along with Saudi Arabia, it was they who initiated the 2 year reduced output programme with OPEC

which finished in March this year. It would be naïve to think that the US had nothing to do with this. Indeed, the US seems to have employed a complicated strategy of releasing Alaskan oil from its Special Security Reserves (something it has not done during the present hoochah over petrol prices in the US), a move which helped to bring the price down and persuade the two big Latin American producers to adhere to a production quota. In the event the move backfired a bit when demand for oil plummeted in the wake of the Asian financial collapse and the oil price didn't just come down a little but itself collapsed until by February last year it was less than \$10 per barrel. One of the immediate effects of the Asian economic collapse was to wipe \$1,500bn dollars off the value of "US financial products". (According to the US Federal Reserve, reported in the *Financial Times* 10.10.98). This, combined with the lowest oil price since the original 1970's oil shock spelled disaster for confidence in the US currency. At the end of October 1998 the G7 states were helping prop up the dollar via a \$90bn loan to the IMF. "Luckily" the dollar began to recover during Spring-time last year when the oil price surged during the war in Kosovo. Just as after the Iran/Iraq War, the Gulf War (when oil prices peaked at \$41 per barrel for 5 months in 1990) oil prices continued upward after the Kosovo War to peak at \$34 per barrel in the early weeks of this year. Once more foreign capital is seeing the dollar as a 'safe haven'. War, rather than OPEC's already-existing quotas has been responsible for this.

OPEC's already-existing quotas has been responsible for this.

US oil policy is a complex and sometimes contradictory process, reflecting the contradictions of US capital but the underlying thread is the struggle to maintain a relatively high oil price as a key part in the overall struggle to keep up the exchange value of the dollar. Contrary to the press reports of the recent OPEC meeting, Bill Richardson, the US energy secretary, has not been cajoling reluctant Middle East oil ministers into turning on the taps as hard as possible. All of the parties involved recognise that the oil price is due to come down anyway — since oil prices are determined on the futures markets and not directly fixed by OPEC — and the problem from their point of view is not to release too much oil so that the price falls below the \$20-\$22 per barrel or so that would signal a drop below the 1980s-90s average. But this is election year and there is much window dressing from the Democratic administration to show the American public that it is doing its best to get prices

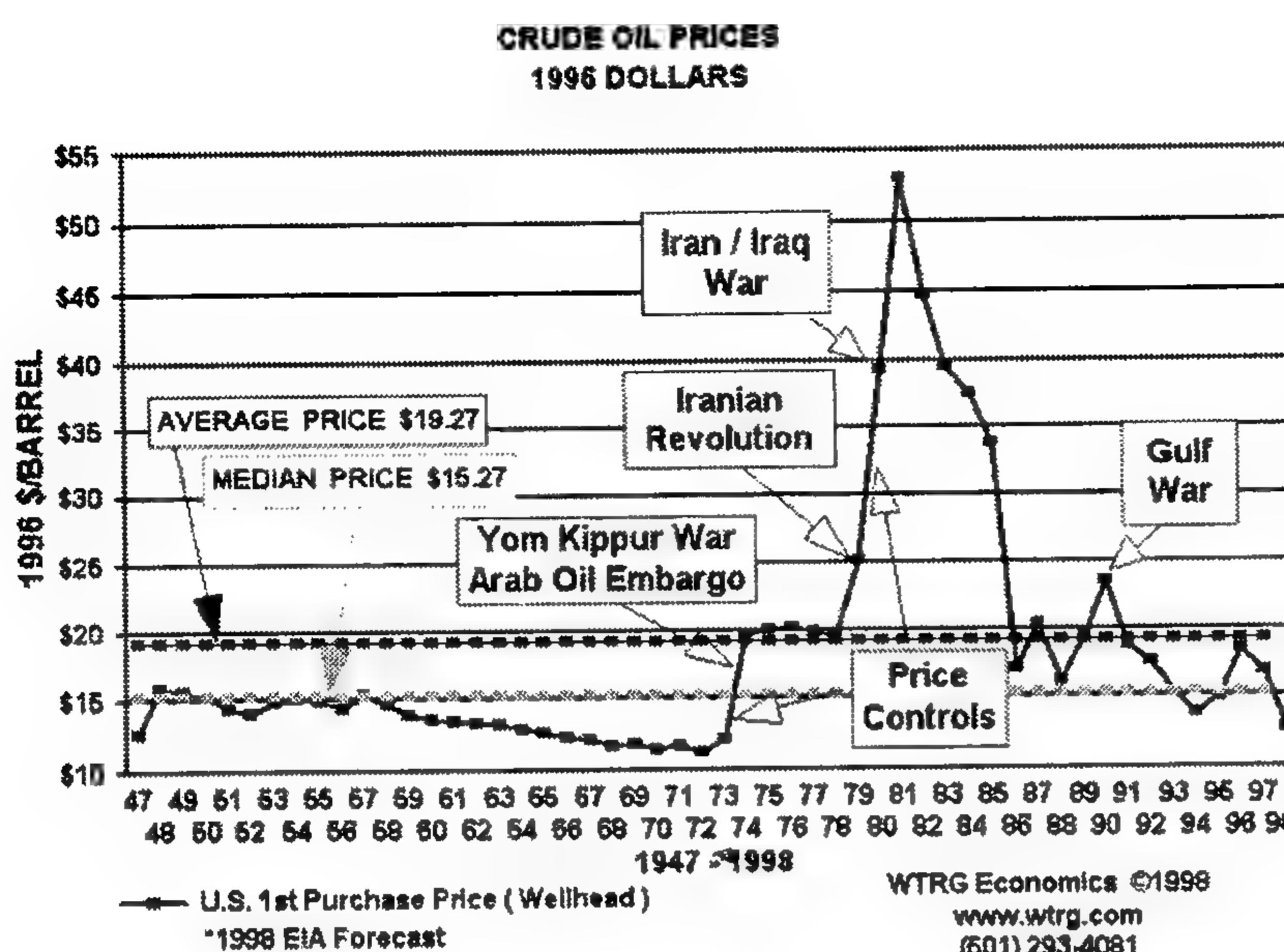
OPEC". (FT 1.4.00) Privately, however, as one oil consultancy spokesman put it, "They want the oil price off the front page".

Petrol pump prices are not the main concern of the defenders of US national capital. If they were the US would not have trade embargoes with major oil producing states (Iran, Iraq, Libya, Burma); it would not easily tolerate or initiate wars which result in surges in the oil price.

The fact is that US capital uses its control over oil to steal a march on its big imperialist rivals. The United States needs to keep up internationally traded commodity prices (although they are falling in real terms) in order to keep up the dollar exchange rate. US capital benefits too from the rake offs from the massive speculation over the price of oil on the futures markets. Finally, whatever the advocates of the 'new economy' believe, an increase in the price of oil still adds relatively more to the cost of production of US imperialism's rivals. (The

wages and working conditions; they are not only planning to expand the possibilities for financial rip-off merchants; they are working on how to get a European zone free of the dollar where the Euro is firmly established as an international currency in its own right. The struggle over oil routes is a fundamental part of this battle. European capital wants to increase its share of the financial rake offs which it imagines trade, and speculation over that trade, in its own currency will bring. This rivalry may seem a far cry from the trade wars of the Thirties or Lenin's classic exposition of the export of capital as a central feature of imperialism. But it remains capitalist imperialism nevertheless. At the root of the 'new economy' is the classic problem of the capitalist accumulation cycle: too low a rate of profit for the massive amount of paper money to invest in genuinely productive areas of capital. Or, as the capitalist financiers see it: "Too much capital chasing too few assets." The speculative boom in the US that goes under the name of the 'new economy' is a symptom of capitalism's problems, not a recipe for its continuing success.

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## Notes

1 'Disharmony Over the Euro' in *Internationalist Communist* 17, available from the CWO address.

2 See the excellent article, 'Control Over the Oil Market in an Epoch Where Finance Dominates' in *Internationalist Communist* 18, available from the CWO address.

3 See article cited above and also 'Imperialism's New Great Game' in *Revolutionary Perspectives* 10.

down. Publicly it is blaming Iran — which has refused to sign up to the agreement for its own face-saving reasons — for not getting a better deal but since the Iranian oil minister, Bijan Namdar Zangeneh, stated on the eve of the OPEC meeting that Iran was aiming for a price of around \$22 Iran "will probably increase its production roughly in proportion to the rest of

OECD estimates that a 10% rise in oil prices adds 0.4% to inflation in the US in the first year and 0.6% in the second; for the EU the effect is greater: 0.6% and 1.1% respectively.)

When EU leaders announce their intention for Europe to catch up with the 'new economy' of the US they are not only demanding further attacks on

As a follow-up to the article on the US economy and oil on the previous pages we reproduce here a leaflet distributed by our American comrades of Los Angeles Workers' Voice, which points to the impact on the working class of the very forces we discussed in the previous article.

## Workers' Full Share or Bosses' "Fair Share"?

**U**nder US capitalism's "boom economy" the rich are getting much richer because the working class is getting poorer. Today the richest 1 % have as much wealth as the bottom 40%. Workers are forced to work harder for less. Real pay and benefits for workers have declined near 15% since 1973 on average while productivity has skyrocketed. No wonder the wealthy are laughing all the way to their banks and stock exchanges!

We workers create the wealth of society but are told to settle for crumbs and just be happy we have a job. Is this a Fair Share? What is "fair" about workers getting back \$1.00 for every \$4.50 in wealth our class as a whole creates? "Fair Share" means what is fair to the profit needs of the rich. The bosses' idea of what is fair is that the capitalist owners have the right to exploit and rob their wage slaves. If we just accept the crumbs that our masters throw down off the banquet tables, their Fair Share for us, we will continue to work harder and be poorer.

President Alejandro Stephens and the other union honchos say that the un-

ion program for Democracy can secure the needs of the rank and file workers. But by accepting the wage slave system and backing the liberal bosses in the Democratic Party, the unions are not promoting Workers' Democracy but instead the Bosses' Democracy and its governance over us. Under the political rule of capital, the flip side of the coin of bosses' democracy is the open dictatorship of the rich. Under this social order, whichever way the coin is flipped, the bosses win and the workers lose.

The 2000 election circus is in full swing. The "business community" collectively finances 95% of the costs of this charade. The Democrats and Republicans and the mass media call this "campaign contributions for democracy". Is not the reality more like bribery to defend the rule of a plutocracy?

**T**he capitalist system is based on maximizing profits and ruthless competition. The bosses offensive to cut our pay and benefits is part of their answer to sagging profit RATES even though their MASS of profits made from exploiting us con-

tinues to grow. This is due to the jungle laws of capitalism which dictate the rich must accumulate more capital to continue to expand and crush their rivals, at home and abroad.

**W**e workers, "public" sector or private can never have secure lives and get our Full Share under this system. If we are to have child care services, health care, and socially useful jobs for all, etc, we need to organize our own workers' groups, political and industrial to fight for our own class interests. We should inscribe on our banners, "Not a Fair Share of wage slavery for a fair day's work, but Abolition of the wages system!" We can build a mass movement to fight for a society of workers' rule that produces for human needs instead of for sales and profits.

March 17, 2000  
Los Angeles Workers' Voice  
Internationalist Notes

IBRP sympathisers in  
North America  
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Notes (US)**

Write for contact and  
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Eau Claire,  
WI 54702, USA.

**Los Angeles  
Workers Voice  
[LAWV]**  
For contact, write to:  
Box 57483,  
Los Angeles,  
CA 90057, USA.

**Internationalist  
Notes (Canada)**  
For contact, write to:  
C.P. 266, Succ. C  
Montreal, QC, Canada.

# Russian Capitalism Changes the Guard

## Electoral Camouflage

The Russian presidential election, which was held on 26 March, has, as expected, confirmed Putin in office. This election, which is only the second since the collapse of the Soviet Union in 1991, has been hailed by our rulers with eulogies about "democracy", "freedom" and so on, but has in fact been a great fraud. Putin was the choice of the small circle of super-rich who control the financial, industrial and media interests in Russia, the so called "family". It is estimated that a group of a dozen or so "oligarchs" control half the Russian economy. (*Le Monde Diplomatique* 3/00) This group organises the presidency in an essentially similar way to that in which the US bourgeoisie organises who becomes US president. They bought Yeltsin's victory in 1996 and have now chosen Putin as the best man to protect their interests for the next 4 years. His meteoric rise owes every thing to this group and he is likely to be their puppet.

Putin emerged from obscurity to become prime minister in August 1999, only 8 months ago. The Chechen war, which was started 3 months later, was a main element in his presidential campaign. This war was the making of Putin. Although it was fought for Russian imperialist interests (See "The Caucasus — Imperialism's new battle-ground" RP 16), and was planned before Putin came to office, it was Putin who prosecuted it and who was able to project himself as a man of action and determination. Yeltsin's resignation on New Year's eve, when the war was largely won, catapulted Putin into the post of acting President. Since then he has used his position and control of the state's propaganda machine and the media empire of "the family", in par-

ticularly Berezovsky television channels, to promote himself. Meanwhile his enemies have been excluded from television time and vilified with such dirty smear campaign, that his main rivals Primakov and Luzkov both withdrew from the race in February. Opposition papers have also either been silenced or harassed. For example the *Novaya Gazeta* which supports the liberal Yabloko party, was about to publish details of Putin's election funding when a mysterious series of burglaries, thought to be the work of state agencies, prevented publication.

Putin never even bothered to put forward a programme or debate with his rivals. As far as he has put forward any indication of his intentions he appears to stand for strengthening of the state and the Federation, rebuilding Russia's economic base and rebuilding her imperialist power. In his words,

*Russia must redefine itself as a great power on the basis of economic success.*

This is, of course, a general statement of the ambitions of the Russian bourgeoisie. How precisely it is to be done is less clear. He has made the usual pious speeches about the need for patriotism, cracking down on crime and standing for "dictatorship of the law." These cannot be taken very seriously when one considers that his backers have moved billions of dollars out of the country, between 1992 and 1996 alone some \$63bn were moved out (See RP 12), hardly the modes of patriotic commitment. Also, his first act as president was to exempt Yeltsin and his daughters from prosecution when they were being investigated for taking bribes and embezzling millions of dollars to Swiss bank accounts. It is clear that the bourgeoisie is going to remain committed to international capitalism, and the "dictatorship of the law"

is not going to apply to them. Patriotism and "dictatorship of the law" are going to be applied to the working class to urge them to greater sacrifices for the good of Russian capitalism. It is clear Putin does not have an independent programme, rather, he is Yeltsin's dynastic successor and the act of succession is simply being hidden behind the camouflage of a bourgeois election. The dictatorship of capitalism continues.

## The Conditions of the Working Class

*Russia is a country of great national wealth but shameful levels of poverty.*

This statement which was made by Putin during the election campaign shows the even the bourgeoisie cannot hide the desperate situation of the Russian working class. Putin did not, of course, say what he was going to do about it.

During Yeltsin's 8 years in power these "shameful levels of poverty" can be seen in a few simple statistics. Every year since 1990, except 1999, the economy has contracted. Economic activity is now only 50% of what it was in 1991 and wages are 1/16th of what they were when the Soviet Union (SU) broke up. Unemployment is now officially 12.5%, which means at least 16.5 million are out of work. 40% of the entire population lives below, what the regime itself defines as, the poverty level. Education and healthcare have virtually collapsed and pensions are eroded in value and often not paid.

For those in work the situation is not always much better. Workers go for months, even years, without having their wages paid. It was estimated in 1998 that Russian workers were owed

\$10.3bn in unpaid wages, 85% of this by privatised companies, and 15% by the state sector. (Vladimir Isachenkov Associated Press) This sum is equal to half the total loans organised by the IMF in 1998 & 1999! It represents a massive collective loan by the Russian workers to the Russian bosses and, if it is repaid, it will be without interest in devalued Roubles. It is a measure of the true meaning of bourgeois legality and Putin's "dictatorship of the law" that theft on this scale is not considered "a crime." Nor is this something the heroes of international capitalism, the International Monetary Fund (IMF), consider worth mentioning either. Instead as conditions for their loans they stipulate that:

- workers contributions to social security should be increased
- workers at the lower end of the pay scale should pay income tax
- state subsidies on rents and housing must be ended.

The position many workers has become so desperate that they only survive by taking second jobs, selling their possessions or growing vegetables to feed themselves. At the 1996 election, Yeltsin pledged to pay all wage arrears but of course did not do so. Some 20 million Russians are affected by late payments and this has led to many strikes. There have been general strikes in all the years since Yeltsin said he would pay arrears. Miners, who were owed approximately \$8bn in unpaid wages have struck in 96 and again in 98, blocking railway lines for days, taking managers hostage and even going on hunger strikes. These strikes won partial payments and promises, which have not been fulfilled. Teachers, who despite their miserable wages of £15.50 per month, were collectively owed \$1bn, have struck in 98 and 99, blocked roads and also gone on hunger strike. Many other workers have either struck on their own account or

supported 1-day general strikes in the cause of getting wage arrears paid. Though the situation has improved slightly since 1998 approximately 75% of the wage arrears are still owed.

The Russian bourgeoisie is able to get away with such outrages because the working class are confused and demoralised. The most militant sector of the working class, the miners, have seen their strikes used as a pretext to launch rationalisation of the coal industry. Over a third of Russia's 300 mines have been closed and 300 000 miners made redundant in the restructuring of the coal industry. This is similar to what happened to the British miners and the British coal industry in the 1980s. Workers struggles have been led to defeat by the trade unions who fundamentally accept the logic of restructuring, greater efficiency and the

economy. However, the unions kept the strikes sectionalised or limited them to token single day affairs in the tried and tested way of the European unions. Under circumstances where workers in many sectors were not being paid anyway, the fact that the protests could be limited and controlled by the trades unions in this way is an indication that the working class does not, at present, see a way forward other than submitting to the demands of capitalism.

## Economic Prospects for the Russian Federation

The collapse of the Eastern bloc and the breakup of the Soviet Union a decade ago was an expression of a deep-rooted crisis of the capitalist system of production. It was not an incidental event caused by bad



*Some of Mr Putin's election costs*

rule of the market etc. etc. It is significant that the only strikes the bosses took seriously were those of the miners who blocked train lines, notably the trans-Siberian railway, which the government complained cost \$58m in lost revenue and \$123m in protecting the freight in idle trains. Yeltsin's spokesman said these strikes "threatened national security" and partial payment of arrears was arranged. The only way full back payment could have been achieved was through a protracted strike which spread to all sectors of the

leadership or the leadership's conversion to the wonders of the free market. At the end of the 80's the SU had reached an impasse and it had only two options open to it; either to launch a war against its Western rival, or, to submit by demolishing its internal structures and open the gates to Western capital. It chose the latter option which entailed the collapse of the Eastern bloc and the disintegration of the SU — though this was not, of course, what its leaders intended.

The SU had a state capitalist organisation of production in which the majority of the union's capital was held by the state. Capitalist relations had not, however been abolished. The existence of the fundamental capitalist relation, the sale of labour power as a commodity to the capitalist class for wages remained and this provided the capitalist basis on which the whole economy was built. Although the ownership of capital and the organisation of the market

were different from that in the West the basic capitalist nature of the relations of production made both economies essentially the same. Just as Western economies suffered from a falling rate of profit which led to a severe crisis in the 70's so it was with the SU. In the Eastern bloc the crisis struck in the 80's. The declining profit rates are, however, reflected in the lower growth rates and targets for the 5 year plans, and the stagnation under Brezhnev. With declining profit rates military competition with Western imperialism became unsustainable.

Western capitalism attempted to restore its profit rates by a programme of massive restructuring of industry, which included the dismantling of most of the capital held by the nation state, and reinvestment in more productive capital equipment and savage increases in exploitation rates for the working class. It was clear that the Eastern bloc had to go down a similar path. However, the Eastern bloc was simply unable to generate the capital required for such a reform in its present structure and similarly unable to acquire the capital from the West without dismantling the system of state ownership of the majority of capital.

The process of reforming Russia's state capitalist structures has been chaotic, corrupt and at times has escaped the control of the rulers in Moscow. However, the process does not express general chaos and decomposition of capitalism as some Left Communists argue. It expresses the desperate attempts of capitalist to restructure itself and restore profit rates. Putin has been installed to oversee this process and it is possible that in the short term a limited recovery of Russian capitalism will occur.

It was estimated by the world bank that Russia needs between \$75bn and \$90bn to restructure its industry. Since 1990 there has been a fall in the amounts of capital invested and, of course, a net outflow of capital from the Federation. However, restructuring of the economy is underway. Coal mining, as has been mentioned above, is being restructured with closure of marginal pits, a similar process is occurring in oil extraction and oil refining. In these sectors in 1998 alone there were redundancies of 17.2% and 12.4%. (Russian Government figures.) In light industry also

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changes have resulted in the sacking of 11% of the workforce. The rate of exploitation has been raised and wages have fallen dramatically. There is now a massive pool of unemployed who are being used to keep wages at their present low levels. It is clear that changes such as we have seen in the West are being carried out.

There are signs that these measures are having some effect. In August 1998, following the near collapse of the economy, Russia devalued her currency. The value of the Rouble was slashed from 6 to the \$ to 27! This produced a sharp reversal in the balance of payments which showed a surplus of \$32bn in 1999. Inflation has been brought under control and negative growth rates of the previous years in the decade reversed. The GDP grew by 2% and industrial production grew by 8% in 1999. The government's budget was also in surplus for the first time since 1991 and has been increased to 16% GDP for the year 2000. In addition Russia is attempting to deal with her debt. The large loans which have been made since 1998, which amount to 422.6bn indicate confidence of international capitalism in Russia's ability to recover. Japan, for example, has resumed loans to Russia and \$1.5bn of the \$22.6bn is Japanese money. The fresh loans averted the immediate crisis of 1998 and have been used to restructure existing debt. Also, Russia is attempting to secure forgiveness of all or at least part of the \$100bn Soviet era debt. Such forgiveness was what the West did for Poland and there are indications that some of the Russian debt may be forgiven and that which is not will be converted into bonds. The Russian debt is, however, small by Western or US standards, under 20% GDP while US debt is 70% GDP, and would not pose a real problem if the economy recovered.

Russia remains a country of rich natural resources, for example in March a massive new oil find of 2.2bn barrels in the Russian Caspian sea was announced by Lukoil. In the longer term these resources will contribute to a recovery. The recent rises in the prices of oil and some minerals which are supplied by the

Russian Federation have contributed to the recent surplus.

Therefore in the medium term a recovery of the Russian economy is quite possible. This is simply an indication that the restructuring and increased exploitation of the working class has produced a temporary restoration of profit rates — just as occurred in the West in the second half of the 80's. In the longer term the tendency for profit rates to fall will reassert itself as it has done in the West.

are the bosses police who enforce these divisions and identify with the national capital. Future struggles need to break free of the trade union prison and be spread as widely as possible. There is an urgent need for a political organisation which could intervene in the workers' struggles on the basis of communist politics and a communist understanding of the present capitalist world.

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## Outlook for the Working Class

For the working class the immediate outlook is bleak. As in the West they have been forced to make enormous sacrifices and large concentrations of workers are being broken up by restructuring. Further demands for sacrifices will be made in the years ahead. The only way these attacks can be fought is to generalise the fightback across industries and across national borders. The globalisation of production is laying the basis for such a response but at present the working class remains sectionalised at the industrial and the national level. As mentioned above the trade unions

## Internationalist Communist 18

### Review of the International Bureau for the Revolutionary Party

#### Control Over the Oil Market in an Epoch Where Finance Dominates

IBRP statement: The WTO is a Symptom, the Disease is Capitalism

#### War and Revolutionary Politics

IBRP statement: Revolutionaries Faced with the Prospect of War and the Current Situation of the Working Class

Idealism or Marxism: Once Again on the Fatal Flaws of the ICC

Review article: Sylvia Pankhurst: The Real Meaning of her Revolutionary Years

We reprint here an article by our Italian comrades on the situation in a small corner of America's back garden.

# The Dollarisation of Ecuador

**In the name of monetary stability the Ecuadorian bourgeoisie is starving the proletariat.**

Last January the Ecuadorian government sanctioned the end of its own national currency, the sucre, substituting it with the US dollar. This measure is taking place in a particularly difficult economic phase for the little Latin American country in which social protest of the native population (Indian) has recently exploded. The march of the Indian population on the Quito parliament on 21st January which led to the downfall of President Jamil Mahuad, is only the latest episode of the social conflict unfolding in that country. Behind the latest Indian "uprising" is the decree of Jamil Mahuad to dollarise the Ecuadorian economy; a measure contested by CONAIE, the Confederation of Indigenous Nationalities of Ecuador which led the Indian protest of the occupation of the seat of parliament. But the reformist illusion of Conaie in succeeding in blocking the President's project faded away in the space of a few hours. Via the armed forces, which at one

point seemed to support the indigenous demonstrators, the United States placed the ex-Vice President Gustavo Noboa at the helm. And just to clarify that the new strategy will not deviate from the path set out by the deposed President Mahuad, hardly was the new Premier Noboa appointed that he declared that the renovation of the country's economy would have to be through dollarisation.

This is an important development in Ecuadorian history originating in the country's structural economic contradictions. The Mexican crisis of December 1994 which determined the economic collapse of the whole South American continent has had terrible consequences on a disaster stricken Ecuador. The worsening of the economy has been unstoppable in recent months. Behind the measure of ex-President Mahuad is the dizzy increase in the value of the United States' currency as compared to the sucre, whilst in January 1999 the dollar was

worth about 7,260 sucre, one year later a dollar was worth around 28,000, with an annual devaluation of 162%. The devaluation of the national currency *vis-à-vis* the dollar has caused the explosion of inflation to an annual rate of 52.2%, the highest of all Latin American countries. In 1999 the GDP contracted by 40%, from \$15,000,000,000 to a little over \$10,000,000,000, a contraction partly due to lower investment in the agricultural and manufacturing sectors and partly due to the fall in exports. If we consider that Ecuadorian exports are mostly directed towards the U.S. market and that the sucre has consistently devalued *vis-à-vis* the dollar, the fall in exports is an even more serious matter, as all the premises for an increase were in place. The worsening of the macroeconomic framework of Ecuador could only produce new social damage and the social fracture between the 200 families which hold the levers of economic and political power in the country and the overwhelming majority of the population has increased even more. Some statistics will illustrate how serious is the situation of the little Andean country; around 80% of the population lives under the poverty threshold, whilst unemployment exceeds 16%. The productive and financial structure of the country literally imploded last year; 700 large enterprises shut down or reduced their operations, causing the loss of a good 250,000 jobs; of the 42 banks present in the country at the start of 1999, because of the terrible losses, only 24 remained at the beginning of 2000, of which 15 are administered by the State. The series of enterprise collapses led to capital flight abroad, so much so that the government has had to impose a

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freeze on deposits to stem the haemorrhage of capital.

The whole Ecuadorian economy has depended over the last three decades on the export of bananas and especially the exploitation of petroleum resources. The discovery at the beginning of the 1970s of important oil deposits in the East of the country, that of the Amazon region, has attracted the big American oil companies. The government has encouraged the exploitation of the black gold and has built a huge road infrastructure to facilitate the transportation of oil, with incalculable damage to the environment and the entire natural eco-system of the country. Environmental pollution and deforestation have been only some of the consequences of the exploitation of natural resources. In spite of that, the passing years have demonstrated that the income from oil exports are insufficient even to pay off the interests on the public debt, which now approach \$20 billion. Thus a vicious circle was created, to relaunch the national economy the Ecuadorian government contracts foreign debt and to pay off the debt the exploitation of oil resources has intensified. The decree of the overthrown President Mahuad to substitute the sucre with the dollar took place in a country reduced to hunger. Because of extremely inadequate currency resources the monetary stabilisation plan of the Ecuadorian government went far beyond the previous measures taken by Argentina and Brazil (the first countries of the Latin American continent to tie their exchange rate to the U.S. dollar), substituting the dollar for their own currency. According to the governmen-

tal plan, within a year the monetary mass of Ecuador would only be expressed in dollars. Therefore for the first time in history a Latin American country is in the hands of the Federal Reserve; in fact the Ecuadorian central bank will no longer stabilise the monetary policy of the country, but this will be determined thousands of kilometres away in the American central bank, which will take its decisions without considering the macroeconomic needs of Ecuador. On the internal level, the social consequences of such a measure will be, frankly, catastrophic, in as much as it will widen the chasm between the few controllers of financial profit and the dispossessed proletarian masses. Through the dollarisation of the economy not only are prices stabilised and inflation combated (at least this is the hope of finance capital) but such a process is occurring via a further attack on labour, with a squeeze on already starvation level wages, with the backing of the IMF which has made the loan of \$6.5 billion dependent on the complete liberalisation of the market.

And to go along with the markets, the recent financial measure presented in parliament by ex-President Mahuad seeks to direct 54% of public resources to the payment of the public debt and only 3% to social services, a true act of armed robbery of the Ecuadorian proletariat, the victim of the more general process of the integration of Latin America into the area of the dollar, aiding the U.S. in the interimperialist struggle to increase its own quota of financial profit.

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From *Battaglia Comunista*, 2nd Feb 2000

**For more on this topic, see *Ecuador: Another Episode in the Comedy and the Tragedy in Internationalist Notes (US)*.**

For the addresses of our North American sympathisers, see page 23.

## 100 Years of Labour

*continued from page 14*

of the world capitalist crisis (which was beginning under the previous Labour government of Wilson). The response was to pass the problems onto the working class in alliance with union leaders. It was the period of the 'Social Contract' – known at the time as the 'Social Con-trick'. Wage rises were limited again and inflation was tackled by the first use of monetarism, something often associated with the Tories under Thatcher. Under the IMF plan austerity measures were introduced – health, education and welfare cuts were carried through.

But beside this Labour upgraded the nuclear submarine force by buying Chevaline missiles at a massive cost. Troops were used again and again to break strikes – notably the firefighters and the refuse collectors in Scotland.

Old Labour imploded in the Winter of Discontent of 1978-9. Strikes abounded as inflation decimated wages but government pressure was always to limit wage rises. Labour exited stage right in the election of 1979 as Thatcher came to power, ironically because unemployment had doubled to 1.5 millions. Whilst the Thatcher years saw the collapse of the British traditional manufacturing industry Labour had to regroup as an openly left capitalist party. Realising that the 29% of the population who never vote are overwhelmingly from the poorest sections of the working class they refocused their class appeal on "middle Britain". Taking their inspirations from Clinton's Democrats they turned the party into New Labour. The Labour Left might not have liked it but they had no home to go to. They console themselves, like Michael Foot that the Labour Party has always been at least the progressive wing of the British ruling class. As our survey shows even this claim is exaggerated.

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We are re-printing here an article which appeared in *Battaglia Comunista* (the paper of the Italian member of the IBRP, the Partito Comunista Internazionalista), which deals with some erroneous ideas about our position on the class struggle and the unions.

# Dispelling Misconceptions:

## The Unions are Useless for Revolutionary Strategy but the Struggle for Demands is the Oxygen of Class Struggle and a Pre-Condition for the Existence of Revolutionary Strategy

We have always held the view that the revolution will step over the corpses of the unions and that they can, at best, provide an environment for intervention (in a general sense, though not even this is true today) for revolutionaries, like any other, but they can never, ever become an instrument of revolutionary strategy. Everyday proletarian experience increasingly confirms this. But everyday political experience also demonstrates how easy it is to confuse these positions with the apparent simplification

that we consider the demand struggle to be useless.

Now if this mistake is justifiable (but not acceptable) amongst ordinary workers perhaps involved in some radical union organisation, it is not at all justifiable for groups and organisations which claim to be the real high priests of Marxist, revolutionary, programmatic, etc., orthodoxy. It is unjustifiable but it exists. In fact it was written in a letter from one of the International Communist Parties (Programma) to our North American sympathisers.<sup>1</sup>

Without the obvious comment on this...accident, we provide the following brief notes to contribute to the dissolution of this misconception, where it arises in good faith.

### The Necessity for the Struggle for Demands

For Marxism, the movement of workers struggling for better conditions and salaries, however it arises, directly fighting the capitalist interest in reducing them, constitutes the elementary, most indelible, form of the class struggle. Therefore it constitutes the unavoidable condition for any "political consequences" or rather any development of the class struggle to its maximum expression, the revolutionary assault. We should note, as an aside, that the current class struggle is particularly acute in the opposite sense, with capital's unfettered attack on labour's wages and

conditions and a working class incapable of resisting it.

This is enough to put aside any hypothesis as regards the uselessness of the struggle for demands (paradoxically a position held by some of the micro-groups resulting from the eruptions of the Bordigist camp).

To say that demand struggles are useless is like saying that the conditions for the maturation of a certain event are useless as regards the event itself.

A class incapable of acting for demands, of struggling in opposition to the most acute forms of its oppression is a class incapable (unworthy) of revolution, condemned to perpetuate its condition of an oppressed class. But proletarian demand struggles are one thing, the organisations which claim to lead them (and today professionally sabotage them) are another thing.

### What the Unions Are

The unions were born as workers' organisations for the establishment of the price and conditions of the sale of labour and they have always carried out this function and still — seemingly strange, but true — carry it out. (For erudite scholars of invariant orthodoxy, the specific function of the unions had already been described by Engels in the early 1870s).

If we reach the obvious conclusion that the unions are simply negotiating agents, the unions cannot then serve as

Last Issue:

## Revolutionary Perspectives

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- BT Call Centre Strikes
- Rank and File Trades Unionism
- The Condition of the British Working Class
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- The Second Congress of the KAPD
- Barbarism in the Caucasus

the revolutionary organisation of the proletariat.

The communist movement has had to go through bitter experiences to arrive at what today seems obvious to us. It had to pass through the experience of 1905 and October 1917, and through the negative proof of the Third International's hypothesis about conquering the unions (in the framework of the famous conquest of the majority) to arrive at the conclusion (with the internationalist communists) that on the purely theoretical level, the union issue had already been dealt with by the end of the 19<sup>th</sup> century, meaning, in the writings of Engels on the unions.

Other questions demonstrate that the hypothesis on which the work of the Communist International was based, perhaps inherited from the 2<sup>nd</sup> International, were only disproved after harsh experiences, and certainly not by the Stalinists who have totally defended them no matter what, even when they were already contradicting the principles and methods which they claimed inspired them. One example we could describe as classic is the national question.

So, thinks our questioner in good faith, if you think that unions which direct demand struggles "don't work" then you think the struggles themselves "don't work". The defect in this line of thought lies in considering the demand struggle and the unions to be the same thing.

The workers' struggle, for demands, discovers various organisational expressions in different periods. The

union is certainly the dominant form, it is the most structured and, because of its nature and functions, is the most self-perpetuating. When, like today, it does not defend the immediate interests of the workers, because capitalism survives by attacking them — it continues to defend the foundations of its own existence, meaning creating contracts, the capitalist relationship and thus becomes the mediator of the capitalist attacks upon wages. And for that reason it continued its historic existence, succeeding well in its functions during the ascendant phase of capitalism's cycles, the period of regular and peaceful accumulation of sufficient profit rates for accumulation itself.

(and in these ways the revolutionary vanguard recognises them and works in them); ranging from their disappearance with a legacy of class, revolutionary political organisation of the vanguard within the body of the class (the 1905 Russian Soviet, and a lesser example, the struggle Committee of the French May, or smaller examples here and there in Europe), to their transformation ... into permanent unions (the last great example was the Polish August, 1980, ending up in the reactionary clericalism of Solidarnosc — and on a smaller scale but no less significant, the inglorious transformation of the school COBAS of 1977 into little Cobas unions).<sup>2</sup>

### The Other Expressions of the Struggle for Demands

**H**owever workers' struggles have always been capable of expressing themselves via organisational forms other than the unions, whenever, for whatever reasons the unions did not dominate; from the struggle committees created by assemblies, to the sectional or national co-ordination of the committees themselves.

They are the organisations which the class creates for itself to defend its immediate interests. They arise from the demand struggles themselves, are anchored in them and fade away once the struggle comes to an end.

The possible ways in which they turn out are as varied as they are important,

This last solution, transformation of functional organisms for proletarian struggle, into permanent bargaining bodies brings with it the frustration of the revolutionary class perspective. The permanent, union, organisation will always tend to accelerate down the anti-revolutionary road of the official unions, against which, perhaps, the experience arose (again, Poland 1980).

However, it is through the experience of self-organised workers via assemblies and recallable delegates resulting from them, that a positive legacy for the growth of the potential of the class can arise, if only because of the increased consciousness of the workers involved that they might be able to constitute a collective force, "perhaps" capable of greater things.

The permanent union organisation, on the other hand, leads workers to the permanent process of bargaining, speedily leading to compatibility with existing unionism, in short, against the workers.

Is it clear now? We are for the demand struggle, the oxygen of the class, and we are against the unions because at vital moments, they oppose the struggle.

And today the objective is precisely the return to the demand struggle (even if only as a defence against capitalist attacks) of the working class.

That is why we examine, in the new class composition created by crisis and its consequent restructuring, the

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possible forms of a revival of struggle, to develop our work and contribute to those most useful to the revolutionary perspective, of liquidation of this already obsolete system of production and distribution.

m.jr.

### Footnotes

1. The Bordigist camp, after it split from our Party (the Internationalist Communist Party) in 1952 has gone through many splits. Each one has claimed to be the only "real" party and most have clung to the title International Communist Party. *Programma Comunista* is the publication of the original Bordigist faction of the 1950's.
2. COBAS stands for Comitati di Basi (or what we would call rank and file committees in Britain).

## Our Basic Positions

1. *We aim to become part of the future world working class party which will guide the class struggle towards the establishment of a stateless, classless, moneyless society without exploitation, national frontiers or standing armies and in which the free development of each is the condition for the free development of all (Marx): Communism.*
2. *Such a society will need a revolutionary state for its introduction. This state will be run by workers' councils, consisting of instantly recallable delegates from every section of the working class. Their rule is called the dictatorship of the proletariat because it cannot exist without the forcible overthrow and keeping down of the capitalist class worldwide.*
3. *The first stage in this is the political organisation of class-conscious workers and their eventual union into an international political party for the promotion of world revolution.*
4. *The Russian October Revolution of 1917 remains a brilliant inspiration for us. It showed that workers could overthrow the capitalist class. Only the isolation and decimation of the Russian working class destroyed their revolutionary vision of 1917. What was set up in Russia in the 1920's and after was not communism but centrally planned state capitalism. There have as yet been no communist societies anywhere in the world.*
5. *The International Bureau for the Revolutionary Party was founded by the heirs of the Italian Left who tried to fight the political degeneration of the Russian Revolution and the Comintern in the 1920's. We are continuing the task which the Russian Revolution promised but failed to achieve — the freeing of the workers of the world and the establishment of communism. Join us!*

## Public Meetings

### Barnsley

*Nationalism against the Working Class*  
Victoria Hotel  
Sheffield Road  
Saturday 3rd June  
12:00 Noon

### London

*The Crisis in the Car Industry*  
Saturday 17th June  
2:30pm

Conway Hall  
(Lobby Room)  
Red Lion Square  
Holborn

### Newcastle

*The Politics of Sylvia Pankhurst*  
Saturday 20th May  
2:30pm  
Central Library (Seminar Room)  
Princess Square  
Newcastle upon Tyne

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